Austria Sch22	Indonesia Rp3100	Portugal Esc100
Bahrain Din0.650	Israel IS3.50	S.Arabia Rls7.00
Belgium BFr48	Italy L1600	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta125
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr9.00
Egypt E£2.25	Lebanon $1.25	Switz SFr2.20
Finland Fmk7.00	Lux LFr48	Taiwan NT$65
France FFr6.50	Malaysia Rlt4.25	Thailand Bt50
Germany DM2.20	Mexico Pes500	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr10.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,479 — Thursday March 3 1988 — D 8523 A

Spoor returns to lead fray at Pillsbury, Page 15

World News

US to withhold Panama payments

The US Government said it was considering a request from deposed President Eric Arturo Delvalle to increase economic pressure on Panamanian military leader Gen Manuel Antonio Noriega by withholding payments for operation of the Panama Canal.

Meanwhile, in Panama City, a strike in protest against Noriega closed down much of the capital as the Government tried to allay fears of a run on banks. Cash crisis 'staved off,' Page 4

Iraq extends barrage

Iraq extended its missile barrage against Iran to Qom, the Islamic Republic's main spiritual centre and home of Ayatollah Khomeini, on the fifth day of reciprocal attacks between the two countries. Page 4

Soviet warning

The transfer of US F-16 fighter aircraft from Spain to Italy would constitute a threat to the Warsaw Pact and to peace in the Mediterranean, the Soviet ambassador in Rome said.

Volcker appointment

Paul Volcker, former Chairman of tha US Federal Reserve, is to become chairman of James Wolfensohn, Wall Street investment banking firm specialising in mergers and corporate restructurings. Mr Volcker also accepted a half-time chair at Princeton University.

Boost for Bush

US Vice-President George Bush led Senator Bob Dola in the Republican presidential primary in Vermont. Page 4

N-plant closure plan

The Swedish Government proposed a timetable for closure of the country's 12 nuclear reactors, taking the first tentative steps towards abolition of nuclear power which was sought by the majority of voters in a 1980 referendum. Page 2

Afghans to fight on

Afghan rebels denounced UN-sponsored peace talks in Geneva as unacceptable and vowed to continue fighting the Soviet-backed government in Kabul. Afghans must decide alone, Page 4

Tutu calls for break

Archbishop Desmond Tutu, head of the Anglican Church in South Africa, appealed to Western countries to break off diplomatic relations with South Africa until it cancelled the ban it imposed on 17 anti-apartheid groups last week. Trade surplus falls, Page 4

Mozambique flood alert

About 15,000 people were evacuated from their homes in Mozambique's southern Limpopo Valley because of a threat of floods caused by heavy rains.

Libyans questioned

Four Libyan pilots who flew their Soviet-made fighters to Egypt were questioned by officials about their reported defection. The Government imposed a news blackout on the case.

Basque cell death

A Basque separatist guerrilla convicted of murder was found hanged in his prison cell near Madrid in an apparent suicide.

Italian minister for trial

A Rome magistrate ordered Scientific Research Minister Antonio Ruberti and 11 other people to stand trial for allegedly misusing state health care funds.

Takeover protest

Thousands of workers from French robot-maker La Telemecanique Electrique marched through Paris on strike against a hostile takeover bid by engineering company Schneider SA.

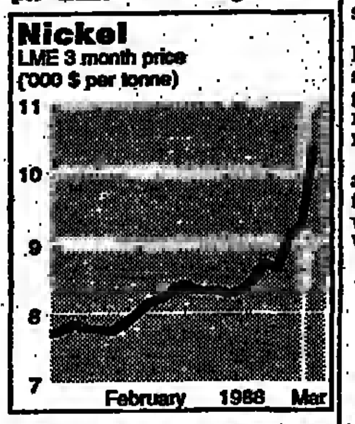
Business Summary

Merrill Lynch executives to resign

MERRILL LYNCH Europe senior executives Steven Licht and Caleb Watts, who four years ago took part in a mass defection from Crédit Suisse First Boston to join Merrill, are leaving the company. Merrill says their departures later this year would be by mutual agreement. The move follows an uncertain period marked by other departures and a slump in the company's Eurobondmarket share.

BOC GROUP, UK-based industrial gases producer, is to sell its US carbon graphite operations to Showa Denko, Japanese chemical company and to a consortium led by a BOC director. Page 15

LONDON METAL Exchange price for nickel to be delivered in three months shot to a record $10,500 per tonne at one stage due to



news of production problems at PT International Nickel Indonesia (PT Inco). The three-month LME price closed at $10,255 a tonne. Page 22

WALL STREET: The Dow Jones industrial average closed 0.83 up at 2071.29. Page 34

LONDON: Strong buying of blue chip stocks by UK and US institutions helped send shares to their highest since the week of the market crash. The FT-SE broke the 1,800 barrier for the first time since October 22, closing up 26.8 at 1,808.7. Page 30

TOKYO: investors grew increasingly bullish in Tokyo, helping to push up share prices almost across the board. The Nikkei average chalked up a 246.92-point gain to 25,682.82 on volume of 1.84bn shares. Page 34

DOLLAR closed in New York at DM1.6965, FFr5.7375, SFr1.4025 and Y129.40. It closed in London at DM1.6925 (DM1.6850); FFr5.7275 (FFr5.7050); SFr1.3990 (SFr1.3915); and Y129.15 (Y128.25). Page 23

STERLING closed in New York at $1.7675. It closed in London at $1.7715; DM2.9975 (DM2.9950); FFr10.1475 (FFr10.1425); SFr2.4775 (SFr2.4750); and Y228.75 (Y228.00). Page 23

FRAMATOME, French nuclear power plant construction group 40 per cent owned by Compagnie Générale d'Electricité, sweetened its bid for Télémécanique to FFr5,800 a share, valuing the French factory automation company at FFr9.13bn ($1.6bn). Page 16

TRANS-NATAL, South Africa's second-largest coal company announced that sanctions, low export prices, higher rail and harbour tariffs, higher costs and adverse exchange rate movements had almost eliminated first-half earnings. Page 17

IMF approved a $17m loan to support Malawi's economic and financial programme. The Fund said the country was hit hard by a deterioration in its terms of trade at the same time as it was allowing more relaxed monetary and credit policies.

NEW ZEALAND Government expects to replace British Gas with a new buyer for Petrocorp, its energy group, within 36 hours, David Lange, Prime Minister, said. Page 17

OSLO BOURSE, one of the last stock exchanges in the world to implement electronic trading, is to launch its own "big bang" on May 2. Page 18

Greenspan calls for further cuts in US budget deficit

BY LIONEL BARBER IN WASHINGTON

MR ALAN GREENSPAN, chairman of the US Federal Reserve, yesterday called for further cuts in the $150bn Federal budget deficit to avoid future turbulence in the financial and foreign exchange markets.

Mr Greenspan warned that increases in domestic savings would be required to compensate for the expected slowdown this year in foreign capital flows financing the budget deficit.

In his testimony to the Senate Budget committee, Mr Greenspan said US dependence on foreign capital to bridge the gap between domestic savings and investment "is neither a satisfactory nor a sustainable solution."

Sounding a further warning, Mr Greenspan said: "While we all seek to avoid recessions, the Congress cannot count on indefinitely sustaining Federal revenues by a growing economy."

The Fed chairman sought to allay fears that this year's expected slowdown in the US economy would turn into a recession. While growth in the first quarter was running at around half of last year's exceptional pace, "there are few signs of the imbalances that typify the late states of a business cycle expansion."

Mr Greenspan repeated Congressional testimony last week in which he confirmed that the Feds policy-making Federal Open Market Committee had widened the ranges for money growth to four percentage points and would assess monetary aggregates "with particular attention to the performance of the dollar on foreign exchange markets."

Mr Greenspan's remarks underlined the Reagan Administration's *commitment to support* for the dollar in the foreign exchange markets – which was stated unequivocally by Mr James Baker, US Treasury Secretary in Congressional testimony on Tuesday.

Despite his warning about US dependence on foreign capital, Mr Greenspan said in response to a question that he was opposed to curbing overseas investment in US industry and assets. "Foreign investment is not a threat to this nation," he said.

In the past five years, some $900bn of foreign capital has flowed into the US, buying up banks, land, hotels, as well as financing the deficit. This huge inflow has transformed the US from the world's largest creditor to the world's largest debtor.

Some commentators and voices in Congress have warned about "economic subjugation" and have suggested tightening laws on acquisition of US companies by foreigners and on related disclosure requirements.

Mr Greenspan repeated his view that deficit reduction should focus primarily on the spending side of the Federal budget. He agreed that last year's two-year $76bn budget reduction accord between the White House and Congress was disappointing, but said: "There are no easy answers or formulas."

Managed floating rates urged, Page 6; Pöhl on European bank, Page 2

France 'faces takeover threat'

THE FRENCH Agriculture Minister, Mr Francois Guillaume, said yesterday that foreign groups were launching a takeover offensive against the country's food-processing industry, Reuter reports from Paris.

He urged agricultural finance institutions to act swiftly to help defend them.

"Foreign companies are about to attack France, mainly because of the strong reputation of French food companies," he said.

Mr Guillaume said France's farm bank, Credit Agricole, and other agricultural credit institutions should establish a fund to give financial support to food processing companies which, because of their capital structure and activities, were potential takeover targets.

"This fund could respond almost immediately to an attack against one of France's major food groups," he said.

He declined, however, to give details and said it was up to the banks to get together and take action.

"Foreign conglomerates are trying to buy French groups to use the image of quality attached to French food products for the benefit of their

Continued on Page 14

Federated accepts Macy's $5.25bn cash takeover bid

BY JAMES BUCHAN IN NEW YORK AND MAGGIE URRY IN LONDON

R. H. MACY, the private New York-based retailing group, gained a decisive edge in the battle for Federated Department Stores when it secured the big store group's agreement yesterday to a bid of $5.25bn in cash and a package of shares.

At a board meeting, Federated, the Cincinnati group which is North America's largest department store business, accepted an improved offer from Macy of $74.50 a share for 80 per cent of the company and stock which would amount to 40 per cent of the combined group.

The Federated board picked the improved Macy offer over persistent approaches from Campeau, the Toronto-based real estate and retailing group.

The deal is a setback for Marks and Spencer of the UK, which hoped to use a Campeau victory as a springboard for its own expansion in the US. Campeau agreed to sell Marks and Spencer the Brooks Brothers menswear chain for $770m but only to help finance a successful bid for Federated.

But in a fierce reaction to the Federated decision, Campeau said it would go over Federated management's head and offer $66 a share, or $5.84bn, in cash for the whole company. The company had presented the Federated board with an offer of $69.50 a share, but only as the price of an agreed transaction amid other conditions.

"Macy's bid is not competitive and we intend to prevail in the marketplace," Campeau said. "It is up to Federated's stockholders to decide."

Wall Street professionals disputed Campeau's claim. They said it is hard to value the Macy bid because there is no public market yet for the stock on offer. But it appears to be superior to the hostile Campeau offer of $66 a share, they say.

Success for the Macy offer will transform North American big-store retailing, creating a giant and highly leveraged organisation with sales of more than $15bn, an overwhelming presence in New York City and more than 700 department stores and other shops all over the US.

The new group, to be called Macys/Federated, will be 60 per cent owned owned by the 400 managers and other investors who took Macy private in a $3.74bn leveraged buy-out in 1986. It is expected to start life with as much as $8bn in debt.

Marks and Spencer said last night that it would proceed with its "due diligence" investigations of Brooks Brothers, the menswear chain it conditionally agreed to buy from Campeau for $770m, in case Campeau's bid for Federated succeeds. The investigations began last week and are now nearly completed.

However, M and S stressed that, should the deal fall through, it is still committed to expanding in the US.

Honda to hold talks with BAe

BY KEVIN DONE IN GENEVA AND MICHAEL SMITH IN LONDON

HONDA, the Japanese motor group whose collaboration with Rover Group has been a major factor in the British company's improved performance, expects to start talks soon with British Aerospace on the companies' future relationship, Mr Osamu Iida, Honda main board director responsible for European operations, said yesterday.

This comes in the wake of Tuesday's announcement of BAe's proposed acquisition of the UK vehicles group in which the British Government has a 99.2 per cent stake.

More than 15m BAe shares changed hands yesterday and the share price rose 12p to 341p, only 13p below their level before the talks with Rover Group were announced.

There were also signs of a thaw emerging in the City of London's initially icy attitude to the proposed acquisition. Analysts, however, said BAe still had considerable work to do before it convinced them of the wisdom of a deal.

Some of the rise in the share price was attributed to a revival in speculation that BAe may become a target for takeover.

The company is protected from overseas predators by a limit of 15 per cent on foreign ownership of its shares. Any renewed bid approach from General Electric Company, which has in the past investigated the possibility of a merger, could face a Department of Trade and Industry reference to the Monopolies and Mergers Commission because of both companies' heavy involvement in defence equipment.

Other companies whose names have been linked with BAe include the consumer electronics group Thorn-EMI and conglomerates BTR and Hanson.

BAe said it attributed the rise to a reappraisal of the deal: it had no knowledge of anyone interetsed in a possible takeover approach.

The day saw persuasive talking by BAe's top management with both analysts and investing institutions in its efforts to convince them that their initial response of alarm had been wrong.

Mr Iida said in Geneva: "We think there will be some talks

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Background & analysis, Page 8; Editorial comment, Page 12

Oil prices fall to 16-month low amid market glut

BY STEVEN BUTLER IN LONDON

OIL PRICES on the Brent market yesterday tumbled to their lowest levels for 16 months, with March oil cargoes indicated below $14 a barrel amid a glut of crude oil supplies.

Traders said that crude oil buyers were hanging back from the market in anticipation of further price falls.

Sentiment was depressed by a weekly report released on Tuesday evening by the American Petroleum Institute, which showed a 5.5m rise in US crude oil stocks.

The actively traded forward contracts for April delivery fell by about 30 cents to $14.40 while, on the New York Mercantile Exchange, April crude oil futures for light crude slid to $15.45 in mid-day trading, down by about 27 cents from the closing level on Tuesday.

Oil prices have now fallen by more than $2.00 a barrel in the past two weeks.

Traders said that Trans World Oil, the trading house that had cornered the January Brent market and taken delivery on more than 40 of the 43 cargoes available in that month, was now selling oil on to the market and adding to tha glut of readily available physical supplies.

Doubt bas also built over whether or uot the Organisation of Petroleum Exporting Countries (Opec) can mustar the resolve to defend prices, which have fallen far below the Opec reference price of $18 per barrel.

Opec production in February is estimated at between 17m and 17.5m barrels of oil a day. While this means that Opec members are producing within the quota limits agreed in December, the market is overhung by excess production from the last half of 1987.

The spread of competitive discounting by Opec members has also raised fears that prices will continue to spiral down as Opec members try to secure market share against other Opec members.

Oil markets were hit badly on Tuesday by reports of new discounts offered to Japanese buyers by Arabian Oil, in which Saudi Arabia and Kuwait own minority stakes.

Traders said a positive signal from Opec could shore up the market because of the relatively small gap between the demand for Opec oil and current production. However, this was thought unlikely because of the political divisions within the oil cartel.

Argentine oil exploration, Page 4; Oil prices, Page 22; Lex, Page 14

President Ronald Reagan at the start of the summit yesterday with British Premier Margaret Thatcher, who made a vigorous appeal for a robust Alliance defence posture.

Shultz to resume Mideast mission

BY DAVID BUCHAN IN BRUSSELS AND OUR FOREIGN STAFF

MR GEORGE SHULTZ, the US Secretary of State, will resume *his Middle East peace mission* today, President Ronald Reagan said yesterday.

"I have directed Secretary of State Shultz to return to the Middle East," Mr Reagan said in Brussels where he and Mr Shultz were attending the North Atlantic Treaty Organisation summit.

The decision underscored the Reagan Administration's concern to find a way of ending the widespread violence in Israeli-occupied territories since December that has left at least 79 Palestinians dead.

Mr Reagan announced his decision after he and Mr Shultz had discussed the results of the US Secretary of State's six-day swing through Israel and Arab countries which ended on Tuesday.

"Secretary Shultz briefed me fully on his negotiating efforts and it is clear all countries in the region believe it is useful for the United States to remain engaged in this process," Mr Reagan said.

Mr Marlin Fitzwater, the White House spokesman, added that Mr Reagan "feels that the attempt is worthwhile". Despite "a very realistic assessment" by the Secretary of State of his chances of success, Mr Fitzwater said: "There are some reasons for optimism, enough to give it (the Shultz mission) another shot".

The two men decided yesterday morning that there was "enough *receptivity" to American proposals* for an Arab-Israeli settlement to warrant Mr Shultz continuing.

US officials in Brussels said Mr Shultz would visit Israel, Egypt and Jordan on Friday and Saturday before returning to Washington.

During his shuttle peace mission, when he visited those three countries and Syria, Mr Shultz outlined new US proposals for limited Palestinian self-rule in the occupied West Bank and Gaza Strip to be followed by Arab-Israeli talks on a definitive peace accord.

Mr Shultz encountered formidable obstacles on the first phase of his mission, including divisions in Israel's coalition government. Unlike that, the second

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Peace process, Page 5

Jordan expected to buy Tornado jets

Jordan has reached a "firm agreement" to purchase eight Tornado aircraft, officials said in London yesterday. The prospective deal, worth an estimated £250m ($442m), is understood to have been concluded at a meeting between King Hussein of Jordan and UK Prime Minister Margaret Thatcher this week. Page 4

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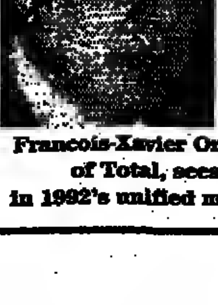


THE CHARM AND THE IRRITATION THAT IS EUROPE

François-Xavier Ortoli, chairman of Total, sees freedom in 1992's unified market, Page 14

Nato urges talks on conventional force reductions

BY DAVID BUCHAN AND ROBERT MAUTHNER IN BRUSSELS

THE imbalance of conventional forces in Europe is "at the core of Europe's security concerns" and therefore early agreement with the Warsaw Pact on the scope of talks on cuts in conventional forces "would be an important step forward", Nato leaders said yesterday.

Leaders of the 16 Nato allies issued a special communiqué entitled "Conventional arms control: the way ahead".

The Warsaw Pact had a number of advantages over Nato, it said. Not only did the Eastern alliance have more conventional weapons, but forward Soviet deployments gave it "a capability for surprise attack and large-scale offensive action" that Nato neither had, nor aspired to. The Warsaw Pact had massive reinforcements "only a few hundred kilometres" from the central front whereas most Nato reinforcements would have to cross the Atlantic.

Asymmetries between the two alliances were compounded by the fact that Soviet forces "represent 50 per cent of all the active divisions in Europe between the Atlantic and the Urals". This Soviet superiority and its presence in Eastern Europe "cast a shadow over the whole of Europe".

Setting the military detail of the current Nato-Warsaw Pact conventional force discussions in Vienna in a wider political and security framework, the Nato leaders said the relation between nuclear and conventional forces was complex. Nuclear weapons were needed in Europe not just to redress the conventional imbalance.

Taking a line that seemed to reflect the preferences of the US and Britain more than those of West Germany and some smaller Nato allies, the Nato declaration said: "Although conventional parity would bring important benefits for stability, only the nuclear elements can confront a potential aggressor with an unacceptable risk."

For the foreseeable future, deterrence will continue to require an adequate mix of nuclear as well as conventional forces, it said.

The Nato leaders said they would neither make nor accept proposals which would involve an erosion of the Allies' nuclear deterrent capability.

In general terms, security in Europe involves "not just military, but also political, economic and, above all, humanitarian factors", the Nato leaders said. But West Germany, for one, has evinced some concern that progress on arms control should not be tied too closely to that on human rights.

Any conventional force accord should have, as a high priority, the elimination of the capability for launching surprise attack and large-scale offensive action.

Nato would seek highly asymmetrical reductions by the East and the elimination from Europe of tens of thousands of Warsaw Pact weapons relevant to surprise attack, among them tanks and artillery. Exactly what is meant by "highly asymmetrical" is still the subject of internal Nato debate.

Bonn faces problems over stake in Airbus

By David Marsh in Bonn

THE BONN Government faces a further uphill effort in trying to restructure West Germany's shareholding in the European Airbus consortium, according to officials.

This reflects the strong reluctance of Daimler-Benz, the motor and engineering conglomerate, to take over management control of Messerschmitt-Boelkow-Blohm (MBB), the aerospace group which is the West German shareholder in Airbus.

Mr Erich Riedl, state secretary in the Economics Ministry, told Parliament yesterday that no progress had been made in efforts to find new industrial partners for MBB, in which public sector bodies have a dominant stake.

Mr Edzard Reuter, Daimler-Benz chairman, meanwhile reaffirmed yesterday that his company could not take over MBB when it was still saddled with huge financial uncertainties over its Airbus stake.

Deutsche Airbus, a 100 per cent subsidiary of MBB, owns a 37.9 per cent stake in the Airbus consortium.

The Government has been trying for two years to persuade high-technology companies, including Siemens and BMW as well as Daimler, to take important stakes in MBB as a way of underpinning Airbus financing.

In spite of the marketing success of the latest narrow-body Airbus A-320 due to enter service this year, the consortium's cash problems have grown as a result of the fall in the dollar and still tougher competition from Boeing.

Pöhl doubts political will for European bank

BY ANDREW FISHER IN FRANKFURT

THE president of the Bundesbank, Mr Karl Otto Pöhl, said yesterday he favoured the formation of a European central bank in principle, but had strong doubts whether governments were ready to give up enough sovereignty for this to happen.

Stressing that he had long been a supporter of such an institution, he added in an interview with the Süddeutsche Zeitung, a Munich daily newspaper, that "many difficult questions need to be answered."

The theme of a European central bank and a unified currency was again raised last weekend by Mr Hans-Dietrich Genscher, West Germany's Foreign Minister. In a discussion paper, he called for the setting up of a group of experts at the EC summit at the end of June to study how the two could be achieved.

Mr Pöhl said he welcomed the fact that Mr Genscher's paper had prompted a serious discussion of this issue. In his paper, Mr Genscher said a European central bank should be independent of governments and be committed to price stability, like the Bundesbank. He added that creation of a European currency, possibly using the Ecu as a basis, would reinforce the need for these conditions.

Denying that the Bundesbank would hinder moves towards a central bank, Mr Pöhl said: "The problem is rather the fact that in the past nine years, the EMS (European Monetary System), has increasingly developed into a sort of D-Mark zone and not into an Ecu zone, as the fathers of the EMS imagined." The D-Mark had grown automatically into that role, being the strongest and stablest currency and fully convertible internationally.

"Every currency system needs an anchor. Many EMS members have been keen to use the D-Mark as a standard of stability for themselves in order to be able to better implement their own decisions aimed at stability," he said. "It would be disastrous if one tried to loosen this anchor."

● Last month's EC budget agreement will cost the West German budget extra Community contributions of more than DM30bn (£10bn) during the five years to 1992, the Bonn Finance Ministry said yesterday, writes David Marsh in Bonn.

The extra spending, resulting from the new method of calculating contributions as well as decisions on farm pricing, is expected to be financed partly by increases in indirect taxation starting from next year which may bring the Bonn coalition considerable political unpopularity.

Mr Gerhard Stoltenberg, the Finance Minister, spelled out the extra contributions to the Bundestag's budgetary committee yesterday. EC contributions will rise by DM4bn above planned levels to DM18bn this year. The extra spending will grow to between DM4.4bn and DM5.4bn in 1989, reaching DM8.5bn to DM10bn in 1992. By then, the cumulative additional contributions will total between DM29.5bn and DM34.7bn, according to the Ministry's estimates.

● Industrial production rose a provisional 2 per cent in January compared with December on seasonally adjusted figures, the Economics Ministry said yesterday.

Sweden outlines nuclear plant closures

BY SARA WEBB IN STOCKHOLM

SWEDEN WILL close two of its 12 nuclear reactors in the mid-1990s and try to make up for this source of electricity through more efficient use of existing energy supplies, the Government said yesterday.

Presenting its energy bill to Parliament, the Government said the first reactor would be shut in 1995 and a second the following year, after only 25 years' operation. The rest are expected to be phased out before the 2010 deadline set in the 1980 referendum and subsequent parliamentary vote.

Nuclear power provides 50 per cent of Sweden's electricity. The decision to close reactors before the deadline is one consequence of the Chernobyl disaster when Sweden had to destroy large quantities of contaminated food.

However, the Government admitted yesterday that there had been conflict within the ruling Social Democratic Party over how rapidly nuclear power should be phased out. The women's, youth and Christian movements have pushed for early closure; the union movement has wanted the closures deferred because of worries about jobs.

Independent studies have suggested that up to 60,000 jobs could be lost as a result of closures and that the entire programme would cost SKr100bn (£9.4bn), although Mrs Birgitta Dahl, the Energy Minister, dismissed these figures.

Industries which are heavily dependent on electricity, such as pulp and paper, steel and iron mining, and chemicals, have already warned that the decision to close nuclear reactors will mean a loss of competitiveness abroad.

EC plan to extend limited liability status

BY WILLIAM DAWKINS IN BRUSSELS

THOUSANDS of small businessmen now denied the protection of limited liability would be allowed to incorporate their enterprises as companies under proposals adopted by the European Commission yesterday.

The scheme, the second significant proposal to come from the Commission's 18-month-old small and medium enterprise task force, is intended to remove a big barrier to self-employment. It would allow one-man businesses to turn themselves into limited companies, which means that the responsibility for any liabilities would fall on the company rather than on the individual running it.

The proposal, by Mr Abel Matutes, the Spanish Commissioner for small enterprises, would apply to any business with a single owner.

That privilege is now denied to one-man businesses in the UK, Spain, Greece, Italy and the Irish Republic, which would have to change their laws to permit incorporation if member states agree the move. People starting a business in those countries must set up either a limited partnership – in which case they become personally liable for debts – or a company with shareholders which often have no connection with the business.

Commission officials say the proposal has received a broad welcome in initial discussions with national officials.

Dutch plan power reforms

By Laura Raun in The Hague

THE FRAGMENTED and heavily regulated Dutch power industry will be greatly reorganised to introduce more competition and market forces, under government proposals unveiled yesterday.

Mr Rudolf de Korte, the Economics Minister, sent to Parliament proposals on reforming the distribution of electricity, gas and heating, which aim at greater efficiency and lower costs. Next month he will submit another bill to reorganise the energy generation sector along the same lines of greater concentration and more flexibility.

The proposals stop short of privatising the power industry, but The Hague wants to curb utilities' monopoly powers and fuel competition by having producers and distributors incorporated as limited liability companies.

Electricity prices in the Netherlands are among the highest in Europe as a result of historical fragmentation, tight regulation and strong environmental protection. Because of the splintered nature of distribution, electricity prices differ enormously, varying from 7 cents per kilowatt-hour for the biggest industrial users to 29 cents for some consumers.

The Government wants the number of companies slashed from around 150 to 56 over three years. At the same time, horizontal integration would occur as the merged companies increasingly provide all energy sources – electricity, gas and heat. By the early 1990s about two thirds of consumers should get all their energy from one utility.

More crucial still is the second bill affecting the power producers, where consolidation in recent years has left only five giants compared with 12 a decade ago. These big producers will have more room to choose among fuel sources, to set prices and to compete against each other.

Chirac leads Barre

Prime Minister Jacques Chirac, running for President in next month's French elections, retains his lead over his right-wing rival, Mr Raymond Barre, but both would still lose to President François Mitterrand, according to an opinion poll released yesterday, Reuter reports from Paris. Twenty-three per cent said they would vote for Mr Chirac in the first round on April 24 compared to 19 per cent for Mr Barre. Mr Mitterrand, however, would get 35.5 per cent of the vote.

In the fifth of a series, **Guy de Jonquieres** examines the implications for Switzerland of the end of EC internal barriers

Worried Swiss weigh cost of keeping the Community door open

A RIPPLE of anxiety is spreading across the placid surface of Swiss banking. After decades of prosperity built on a phenomenal ability to attract capital from all over the world, Switzerland is worried that it may soon face a run for its money.

The cause of alarm is the European Community's plan to create a single market in goods and services by 1992. Though many details of the plan remain fuzzy, the Swiss are starting to discern in it the outlines of a serious challenge to the competitiveness of their banking and finance industries and, beyond that, to their jealously-guarded national independence.

As part of the European Free Trade Association, Switzerland has long enjoyed tariff-free trade with the Community without having to subscribe to the budgetary costs, legislative obligations and political concessions involved in full EC membership.

However, this agreeably non-committal relationship may be nearing an end. The Swiss fear it may be hard to avoid an awkward choice between knuckling under to EC legislation as the price of access to the future internal market, and continuing to play by their own rules, thereby risking economic isolation and a possible loss of valuable business.

The dilemma is encapsulated by Dr Klaus Huber, head of corporate lending at Union Bank of Switzerland (UBS), the country's largest bank. Describing Switzerland's relationship with the EC as "a high-wire act", he says: "The obvious question we have to ask ourselves is what is the value of being different? Would we not have to give up a lot if we aligned ourselves more closely with the Community?"

Adding piquancy to the debate is the aftermath of the stock market crash. The bigger Swiss banks have all committed sizable investments to strengthening their operations in New York, Tokyo or London, but some observers wonder how long the momentum will continue.

"I have a feeling that some very ambitious plans aimed at a developing a global presence may be put on hold this year," says one Swiss banker. "But we cannot continue to exist just on our home market. We have to find ways to generate new business, and that is likely to mean relying more on markets in the rest of Europe."

Publicly, the federal government adopts an up-beat attitude towards these uncertainties, insisting thet completion of the internal market – or "European economic zone", as it prefers to call it – has always been on the cards. But officials in Berne admit that getting the best of both worlds in the future will not be easy.

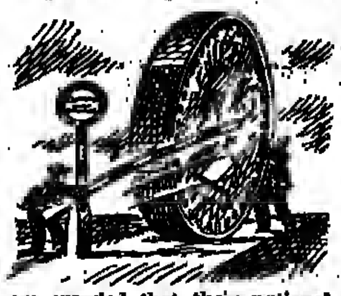
Unlike some other Efta countries, such as Norway, Switzerland does not see EC membership as a realistic option. Indeed, the depth of popular hostility towards multilateral organisations was demonstrated only two years ago, when a proposal to join the United Nations was resoundingly defeated at a referendum.

None the less, developments in Brussels are intruding increasingly into Switzerland's internal affairs. In particular, its government is anxious to ensure that national policies do not conflict with the approach laid down in the European Commission's 1985 White Paper on the internal market. Berne recently decided that all draft federal legislation with international implications should be accompanied by an annex explaining how it would square with EC laws.

The hope is that if Switzerland is seen to be respecting the rules of the internal market, it will be allowed to participate in it. Inconveniently, however, the EC has yet to formulate many of the rules, particularly for financial services. Hence, Berne cannot be sure whether some of its own laws, such as a bill on insider trading now in preparation, will be acceptable to the Community.

This self-imposed subservience obviously grates. "We have to follow decisions in Brussels and we have no say in them," complains Dr Rolf Ehlers, an economist with Crédit Suisse in Zurich. "The Community's attitude is to impose decisions, not to consult," says Mr Jean-Paul Chapuis, president of the Swiss Bankers' Association.

Though Swiss bankers are still thinking the issues through, they see three main dangers in the single market plan. First, they



are worried that their national laws and regulations may not be accepted by the EC as equivalent to those of its member countries. That would mean that banks serving EC customers out of Switzerland would be subject to tighter restrictions than those based inside the Community. In particular, Swiss banks fear they would be legally required to meet higher capital adequacy ratios – and thus bear higher costs – than competitors established in the EC.

The obvious answer is to set up more operations inside the EC. But though all the big Swiss banks have offices in London and Frankfurt, some of them are still thinly represented in other Community countries. "It probably wouldn't pay to have operations in Paris, Milan or Amsterdam, because nowadays the business comes to us in Zurich," says Mr Andy Donatsch of UBS's securities division. The costs of expanding UBS's network could only be justified as an insurance policy against the risk of exclusion from the EC, he says.

The second worry is that EC countries may agree to a common rate of withholding tax on interest and dividends and press Switzerland to follow suit. The Commission has suggested that such harmonisation may be necessary to discourage hot money flooding from one country to another, particularly after capital and exchange controls are lifted in countries such as France and Italy.

At present, Switzerland imposes a 35 per cent withholding tax, but only on securities sold by domestic issuers. Swiss franc securities issued by non-Swiss borrowers, which are most popular with foreign investors, are exempt. These accounted for three quarters of the SFr47.7bn (£19.4bn) issued last year.

Fiscal policy generally is a delicate issue in Switzerland, where proposals to introduce value added tax have twice been rejected at referendums. However, sensitivities on this score are as nothing compared to the third major issue, bank secrecy.

This tradition is not only widely regarded as a constitutional right but also, along with political stability and a strong currency, as a magnet for the foreign capital inflows which underpin its banks' formidable placement power. More than half of all Swiss banks' foreign account-holders are individuals, many of whom would presumably be unhappy to lose their anonymity.

Even though the Swiss have yielded in the past few years to US pressure to divulge more information, they are determined not to cede any more ground. They would certainly baulk at mandatory reporting by banks to national tax authorities, an idea favoured by several EC governments worried about the potential for tax evasion after 1992. "If that were really the price of joining the internal market, the Swiss people would say no," says Mr Beat Fenner, head of multinational services at Crédit Suisse.

In bargaining with the EC on the terms of its future relationship, Switzerland holds a mixed hand. Its highest card on the table, its trade deficit with the Community, which totalled SFr16.6bn last year, cannot be played aggressively, since to do so would invite a trade conflict from which it would almost certainly emerge the loser.

However, if the Twelve were to agree on stricter internal controls, such as a harmonised withholding tax or mandatory bank reporting, Switzerland's negotiating position might be strengthened in the short term, since such measures could make its markets more attractive to some EC investors.

"Potentially, Switzerland will be able to exploit the constraints and deficiencies of the future Community system," says Mr Stanislas Yassukovich, chairman of Merrill Lynch International.

In the longer term, though, failure to co-operate with the Community could risk casting Switzerland in the role of an international financial maverick, cut off from the mainstream of European markets

Striking just the right balance is likely to call for some delicate judgments. But as they ponder the options, some Swiss bankers are warmed by a consoling thought. "One of our reassurances is that the City of London is inside the Community," says one. "We don't see Britain allowing anything to happen in Brussels which could really restrict the Community market and make it less international."

Previous articles in the current series appeared on February 19, 23, 29, and March 1. The final article will appear tomorrow.

Commission task force to vet cross-border mergers

BY WILLIAM DAWKINS IN BRUSSELS

PLANS TO set up a central EC task force to vet cross-border mergers likely to distort free competition were revealed yesterday by Mr Peter Sutherland, the European Commissioner responsible for competition policy.

The group, which would work from Commission headquarters in Brussels, would enforce a cross-Community merger control regulation formally proposed by the Commission yesterday. The proposal must be accepted by EC trade and industry ministers, due to debate the controversial scheme in late June, before it can take effect.

Practically all EC mergers with a combined turnover of more than Ecu1bn (£700m) would have to be notified to the unit in advance, which would issue a decision within two months, rising to four months if it wanted to demand changes to protect free competition. "The essential purpose is to provide clarity and certainty and avoid a situation where different member states might come to different conclusions, some of which might be improperly motivated, for instance by the wish to protect indigenous industries," said Mr Sutherland.

The exceptions would be takeovers involving small companies with annual sales of less than Ecu50m and mergers where more than three quarters of the combined turnover is in one member state. An estimated 100 to 150 cross-border takeovers would have to be notified every year.

Azerbaijan riot deaths

SEVERAL PEOPLE were killed on Sunday in ethnic riots between Azerbaijanis and Armenians in the city of Sumgait, a Foreign Ministry spokesman said yesterday, Reuter reports from Mosow.

Mr Gennady Gerasimov said he did not know the exact death toll, or the nationalities of those killed. He said people had also been injured. "There were several victims. Not many, but several," he said. A criminal investigation was under way.

Sumgait, the Azerbaijani republic's second city, is at the centre of the latest outbreak of Soviet ethnic unrest.

Mr Gerasimov said an exact death toll should be available later, adding: "I hope they will find those responsible and bring them to justice."

Troops and armoured cars enforced a curfew in Sumgait during Monday and Tuesday nights after the rioting. The city is now reported calm.

A Moscow dissident, Mr Sergei Grigoryants, said earlier that 17 people had been killed and 70 injured in the Sumgait disturbances. There was no independent confirmation of those figures. Mr Grigoryants, who is of Armenian origin, was quoting what he said were reports from Armenian families related to the victims in Sumgait.

Balladur plans quick start to privatisation

BY GEORGE GRAHAM IN PARIS

MR Edouard Balladur, the French Finance Minister, is drawing up plans for a more gradual application of his privatisation programme after the presidential election and for a reform of the country's takeover rules.

He said yesterday that preparations had been made for whatever government took office in May to be able to make a quick start on the privatisation of the state-owned insurance groups and of three small regional banking companies. But he said that he was thinking of changes in the way future privatisations were carried out.

Larger state companies may be sold off in tranches to spread the burden on the financial markets, he said. He also indicated that he was considering the conversion of non-voting certificates of investment – which may form up to 25 per cent of a state companys equity – into normal voting shares ahead of a full privatisation.

Other measures being considered were an increase in the 10 per cent of each privatisation offering reserved for employees and a reduction in the proportion of shares offered overseas, already limited to 20 per cent. The Government has noted with concern that foreign investors were often quick to sell their stakes during last year's market downturn.

Mr Balladur said that the recent wave of hostile takeovers had made him consider increasing the size of the "hard cores" of friendly shareholders selected to defend each privatised group, and to look more closely at the stock exchanges' takeover rules.

Balladur: Drawing up plans

Recent takeover struggles for companies such as Prouvost, the wool group, or Télémécanique, the industrial automation company, had raised a number of questions over the conduct of contested bids.

Among the proposals under consideration at his ministry are an obligation on a shareholder to make a declaration of intentions once he passed a threshold; greater transparency of the shareholdings of defending companies; and a block on "shark repellent" capital increases during takeovers.

Papal visit refused by Moscow

By Christopher Bobinski in Moscow

THE SOVIET authorities are continuing to bar Pope John Paul from attending the 1,000th anniversary celebrations of Christianity in Russia in June, to which all Christian churches have been invited.

Archbishop Filaret of Kiev, a leading figure in the Russian Orthodox Church, said yesterday that relations with the Roman Catholic Church were developing rather successfully.

The celebrations take place from June 4 to 16 in cities including Kiev and Moscow, the archbishop said, adding that 7,000 Russian Orthodox churches were open in the Soviet Union and 18 new parishes established last year.

The Soviet Union is in dispute with the Vatican over several issues, including that of the Ukrainian Uniate Church, which was forcibly merged with the Russian Orthodox in 1946, but which Rome continues to recognise.

In Lithuania, which the Pope says he wants to visit, and to a lesser extent in the other Baltic republics, the Catholic faith provides a focus for national feelings. The Vatican has also refused to recognise the incorporation of these republics into the Soviet Union.

Rome seeks early easing of exchange curbs

BY JOHN WYLES IN ROME

THE ITALIAN Government is hoping to bring forward to the early summer plans to lift a variety of exchange controls affecting Italians travelling abroad.

A wide-ranging liberalisation is set for October 1, but Mr Renato Ruggiero, the Foreign Trade Minister, said yesterday he wanted some of the reforms in time for the summer holiday season. "I hope that political circumstances and exchange rate stability will permit," he added.

He was referring to the political crisis which is expected to break towards the end of this month when the 1988 budget finally clears Parliament. Mr Giovanni Goria, the Prime Minister, is then expected to resign and it is by no means clear how long it will take to form another coalition government.

But, if conditions allow, Italian tourists will be able to use credit cards abroad and to export up to L1m (£450) in banknotes instead of the L500,000 now allowed. They will also be able to issue non-transferable lira cheques for up to L5m.

When these and other planned relaxations affecting corporate dealings in foreign exchange are introduced, Italy will be equipped for the first time with an exchange control regime in advance of the minimum freedoms required by the European Community.

Mr Ruggiero said liberalisation measures introduced last spring, allowing Italians full freedom to purchase foreign securities, had not had a marked effect on the balance of payments. Outflows had risen by around L3,000bn, but these had been partly offset by inward investment of around L1,500bn. Italy's current account closed last year with a surplus of L1,700bn and registered a surplus of L1,360bn in January.

He stressed that the healthy current account was an important background to the latest piece of reform he was introducing – the removal of exchange control offences from the criminal code.

"We are the only country in the Community in which exchange control violations are a criminal offence, and clearly this is inappropriate as we move towards full freedom of capital movements."

The criminal law was brought into exchange dealings in 1976 when the country suffered a flight of capital because of growing social unrest and the emergence of the *compromesso storico* by which a Christian Democrat government was sustained by the Communists.

Once the law is passed, violations of remaining exchange controls will be treated as an administrative offence punishable by fines relating to the volume of currency involved.

Ethnic tensions fuel Hungary-Romania hostility

BY LESLIE COLITT IN BUDAPEST

A TENSE relationship between Budapest and Bucharest over the 1.7m ethnic Hungarians to Romania has hardened into unprecedented hostility between the two neighbouring Warsaw Pact allies.

Western diplomats here say the Soviet Union, which last year vainly attempted to mediate in the now raging dispute, is unlikely to intervene again, especially given its own acute nationality problems.

Senior Hungarian party and government officials accused Romania this week of seeking to "rid itself" of the intellectual elite among the Hungarian minority in Transylvania. While ordinary ethnic Hungarians were widely discriminated against, there was severe harassment of writers, teachers and other intellectuals, they said.

A record 6,000 ethnic Hungarians were reported to have been given political asylum by Hungary last year. However, some Hungarian officials say the number was closer to 10,000. The influx rose further in January and February and Hungary is concerned about finding jobs and housing for them.

One well-placed party official suggested that Romania knew its ethnic Hungarians were "desperate" and that they would apply for asylum when given permission to visit Hungary.

The Hungarian authorities are deeply worried that if the cream of the Hungarian minority leaves Transylvania, the remaining Hungarians will be silently assimilated. "These people are the voice of Hungarians in Transylvania," the official said.

Transylvania, which belonged to Hungary until 1919, is regarded historically as an integral part of the nation.

The Hungarian party official, speaking at an interview, blamed some "tricky" Romanians for the deterioration in relations. He noted that despite last year's riots in Brasov, the position of the Romanian leader, Mr Nicolae Ceausescu, remained very strong. "He is kept in power by a ruthless internal security apparatus and a tight network of informers," he said.

Romania has become increasingly isolated in the past year from both its Warsaw Pact allies and the West as a result of serious human rights violations. The US, previously Bucharest's staunchest Western supporter, said last week that Romania had said it no longer wanted Most Favoured Nation trade status as this was dependent on observance of human rights.

Hungarian officials also disclosed that food packages sent by Hungarians to relatives in Romania – where food shortages are endemic – were being confiscated by Romanian Customs. Hungarian newspapers and other publications have been prohibited in Romania since last year and are confiscated at the frontier. Hungarian airline offices in Romania as well as the Hungarian embassy and consulates are said to be virtually sealed off.

Hungarian citizens travelling to visit relatives in Romania are having to bribe Romanian Customs officials with meat, butter and cigarettes to avoid being held up for hours by border controls, according to reports.

Motorists entering Romania are also said to be stopped frequently by the police and threatened with alleged traffic violations if they do not hand over petrol coupons which enjoy a high black market value in Romania.

Lisbon seeks flexible monetary controls

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government plans to use more flexible means of regulating credit and interest rates.

Instead of rigid ceilings now fixed by the Bank of Portugal for each institution and interest held to a minimum on time deposits and a maximum for loans, an open market with diversified instruments and elastic interest rates will be gradually developed.

It is expected that restrictive ceilings aimed at cooling demand that grew by 9 per cent in 1987 and controls on interest, will soften in a few months time.

The interbank money market, now pegged to Treasury Bills periodically auctioned by the Bank of Portugal, is likely to diversify as the authorities learn to handle laws of supply and demand without trying to control them bureaucratically.

Tough credit limits have pinched small and medium sized companies that are expected to play a vital part in Portugal's development, and have been skirted by larger companies which borrow abroad or go to the capital markets.

Domestic credit to the private sector cooled in the second half of 1987. Private enterprise is weary of having its credit constrained by disproportionate needs of a heavily indebted state sector and an accumulated public debt that exceeds 60 per cent of gross domestic product. The public sector's financing needs were Es583bn ($4bn) – about 11 per cent of GDP, up to November 1987.

The authorities excuse for administrative credit ceilings that distort bank results and bruise many private or corporate borrowers, has been the burden of State borrowing; this, in principle, should ease as privatisation begins later this year.

Fuelled by EC accession, private sector energies caused record 1987 GDP growth of 5 per cent with tremendous consumer demand, and investment that grew 16 per cent, with 20.5 per cent volume growth of imports of capital and consumer goods.

Exports grew steadily but modestly by 7.5 per cent in volume, stretching the trade gap to $4.6bn.

Cooling 1988 demand suggests that this year may be closer to the forecast of GDP growth of 3.5 per cent and inflation of 6 per cent, against 9.4 per cent in 1987.

Nato and Warsaw Pact in row over tactical arms

BY JUDY DEMPSEY IN VIENNA

NATO AND the Warsaw Pact countries, holding informal talks in Vienna to look at ways of reducing conventional weapons in Europe, are locked in a major disagreement over whether or not tactical nuclear weapons should be included in the final mandate.

Western diplomats attending the informal talks on conventional stability – which began in February 1987 with the aim of breaking the deadlocked 14-year-old mutual and balanced force reduction talks – say Nato will not agree to include a reference to dual capable systems in the final document.

"These talks are about conventional weapons," a Western diplomat said. "This means all conventional weapons and systems. If any reference to nuclear weapons is included, it means that the Warsaw Pact will wish to start negotiating on this issue and we are not prepared to do this."

Over the past two months, the Warsaw Pact has shown few signs that it is prepared to drop its insistence on including a reference to dual-capable systems.

On other issues, diplomats have described the progress as steady. In recent meetings the 23 members of Nato and the Warsaw Pact have been discussing on what basis the neutral and non-aligned should be informed about the progress of the talks once a mandate has been agreed.

GM to replace key model

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT, IN GENEVA

GENERAL MOTORS of the US, the world's largest automotive *group, confirmed* it is to replace the ageing European Opel Ascona/Vauxhall Cavalier range in the autumn in a strategic product move that will be crucial to its fortunes in Europe into the early 1990s.

The new car, to be called the Opel Vectra in Continental Europe – it is understood that Vauxhall, GM's British subsidiary, will retain the Cavalier name in the UK – will increase the already fierce competition in the vital mid-range segment in the European car market and in the all-important fleet market.

The Ford Sierra was the best-selling car in this sector last year, but Ford's leadership is coming under intense pressure with the launch of competitors like the Peugeot 405, the 1988 Car of the Year in Europe, and the new Volkswagen Passat and Toyota Carina II models which were both unveiled this week at the Geneva Motor Show.

Last year sales of the Ascona/Cavalier in Europe dropped to 288,346 units from 288,143 in 1986 and GM's share of this segment fell to 8.9 per cent from 11.4 per cent in 1986.

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OVERSEAS NEWS

Tax cuts, more welfare key to new HK budget

BY DAVID DODWELL IN HONG KONG

TAX CUTS and increased spending on welfare and transport were the keynotes yesterday of the Hong Kong budget for 1988, as the Government signalled steady growth in the year ahead, and a substantial budget surplus.

The personal tax rate is to be cut by one point to 15.5 per cent from 16.5 per cent, with a number of new personal allowances. Corporate taxes are to be trimmed by 1 point to 17 per cent.

Public pressure for separate taxation for working women has been resisted for the second year running, but long-standing demands for a cut in the airport departure tax have finally been heard.

This tax will be cut to HK$100, from HK$120. Minor tax increases were announced for petrol, cigarettes, alcohol, driving licences and - later in the year - postal and telecommunication charges.

Mr Piers Jacobs, Hong Kong's Financial Secretary, indicated that tax cuts could have been more substantial, but for fears of further over-stimulating an already overheated economy.

Mr Jacobs revealed that the economy grew in 1987 by an estimated 13.6 per cent in real terms, after growth of 11.2 per cent in 1986. The economy is working at full capacity, with acute labour shortages in some sectors, and wage inflation an increasing worry.

The Government predicts growth this year of a more modest 8 per cent as the US economy slows. Domestic exports are forecast to rise by just 6 per cent, and imports by 9.5 per cent, while inflation rises to 7 per cent from 5.5 per cent last year.

Government revenues, bloated by two years of double-digit economic growth, leave officials expecting a budget surplus in the fiscal year 1987-88 of HK$7.57bn. A surplus of HK$5.5bn is forecast in the year ahead, even after tax breaks amounting to HK$2.7bn, and spending increases.

Government spending is to be increased by HK$1.1bn for additional welfare benefits, especially for the old and chronically sick. Additional funds are also to be put into improving the territory's hard-pressed transport system and infrastructure. Further aid is to be given to industry.

The civil service is to be expanded by 4 per cent both this year and next, mainly in the areas of medical services and the police.

Mr Jacobs said that the volatility and uncertainty in an externally-dependent economy such as Hong Kong's made revenue cuts preferable to spending increases that might not be sustainable in a downturn.

Mr Jacobs acknowledged that the territory's tax base remained too narrow, and signalled plans to introduce a sales tax in due course, probably at the wholesale rather than the retail level.

Jordan and UK agree on sale of Tornados

BY RICHARD JOHNS IN LONDON

JORDAN and the UK have reached what was described in London yesterday as a "firm agreement" on the purchase of eight Tornado aircraft manufactured by British Aerospace.

The prospective deal, worth an estimated £250m ($442m) is understood to have been concluded at a meeting between King Hussein and Mrs Margaret Thatcher, the British Prime Minister, earlier this week in London.

The sale will be heavily backed by insurance cover underwritten by the Exports Credit Guarantee Board. Final financing details have yet to be worked out.

No aid from Saudi Arabia - which was generally reckoned to be essential if Jordan were to buy Tornados - is involved, according to UK officials.

King Hussein is believed to have a secret reserve fund - not shown in the country's budget - for financing arms purchases.

Jordan would like 40 of the aircraft but the cost at $20m each is too great for the country, which is currently suffering economic and financial strains.

Despite the small number of aircraft involved, Israel is expected to protest strongly about the sale. The jets' strike capability is reckoned to equal anything in the Israeli Air Force's US-supplied arsenal.

Jordan now wants the IDS version of the Tornado - interdiction strike variant - rather than the ADV interceptor in which King Hussein and senior officials had earlier shown interest. But the air force in general, which operates the Mirage F1, favoured its French rival, the Mirage 2000, as an advanced defensive fighter.

Last month King Hussein reached agreement to buy up to 20 Mirage 2000s aircraft from Marcel Dassault in a deal announced last month by Mr Jacques Chirac, the French Prime Minister.

The Jordanian military establishment is known to have been deeply divided over the choice between the Tornado ADV variety or the Mirage 2000.

Robert Thomson examines China's attempts to woo disgruntled monks

Politics and prayer meet in Tibet

A TIBETAN Buddhist festival, blessed by the Communist Party and boycotted by several disgruntled monks, has become a symbol of the uneasy relationship between politics and prayer in China and of the continuing tension in Tibet.

Mon Lam is traditionally a celebration of the superiority of the spiritual over the secular, but the party supported the festival to prove that there is freedom of religion and to exorcise the dissent shown during sometimes violent pro-independence protests in Lhasa, the Tibetan capital, late last year.

Monks were given generous expense allowances to appear at Lhasa's Jokhang Temple, a few foreign correspondents were invited to cover the event, protesters arrested last year were released from custody, and Chinese officials admitted that the protests were partly caused by their failure to understand Tibetan culture.

Despite these offerings, many monks have failed to turn up - only 800 of the expected 2,300 attended at the weekend. Some said they were frightened of Chinese police and soldiers, while others indicated they did not want to participate in a ceremony which is as much a media event as a prayer festival.

About 200 monks at the Drepung monastery, on the outskirts of Lhasa, held an in-house Mon Lam, as embarrassed city officials urged senior lamas to persuade more monks to appear.

Until recently, Mon Lam, an annual celebration, was considered heretical by the party. Last week's festival was only the third since 1965, the year before the launch of the cultural revolution and six years after the Tibetan spiritual leader, the Dalai Lama, fled to India after a failed uprising.

The monks' reluctance to respond to the party's intercessions is a sign of their growing confidence, which itself is evidence that there is more freedom of religion than at anytime since the Communist revolution in 1949.

In Lhasa, another sign of that confidence is the appearance of Buddhist prayer flags above the homes of government officials, who, in the past, feared that such an act of faith would cost them their jobs.

Yet Mon Lam, which began last Thursday and will end late this week, has shown that the party's recent turn to tolerance has by no means healed the wounds inflicted before and during the cultural revolution, when the Jokhang became a home for pigs and almost all temples were badly damaged.

Future protests will test the Government's tolerance, as conservatives already argue that less freedom and more propaganda are needed to combat entrenched Buddhist ideas and to reassert party control.

The Panchen Lama, second in spiritual rank to the Dalai Lama, has played a far more important political role in recent weeks. He remains an ambiguous figure, however, partly because his status as a religious leader has been clouded by his decision to marry, and partly because in the past he has regularly done no more than toe the party line.

Yet the Panchen delivered a landmark speech to the Tibetan People's Congress a few days before the start of Mon Lam in which he criticised local officials for not speaking the Tibetan language and declared that police had opened fire during protests last October, discrediting previous official reports that protesters had shot each other after stealing pistols from police at the scene.

He said that "some people," meaning conservative officials, considered the riots a sign that "we had gone too far in redressing the wrongs" and "correcting the errors in our previous work," and "that because we had gone too far in implementing the religious policy, the lamas had become arrogant."

"So these people held that after the riots had occurred, we should backtrack to the old practices, stop pursuing the current relaxed policies that we adopted after setting aright the guideline, and adopt some high-handed measures," the Peking-based Panchen said.

Not long after the speech, he was sent a bouquet of flowers by the Communist Party General-Secretary, Zhao Ziyang, one of the most tolerant leaders who was obviously keen that the Panchen should use his influence to ease tension in Tibet.

Perhaps the most difficult problem for the Chinese, who have no intention of relinquishing their claim on the region and refer to pro-independence activists as "splitists," is in appointing senior officials in Tibet. They apparently want to promote more Tibetans - that is, those who do not question Chinese rule - yet numerous local officials lack the skill or qualifications to cope with their present jobs.

And while reformist leaders such as Zhao Ziyang would like to replace conservative Chinese officials with broad-minded Chinese, the necessarily long period of adjustment means that the newcomers would not be properly briefed in the coming crucial months.

Much now depends on the monks, who are divided over how hard they should push for further freedom and, ultimately, for independence, but who have shown in recent days that there is still much militancy in the monasteries.

The living standards of ordinary Tibetans have certainly improved in recent years and the region would be far more volatile if that was not the case. But the party is frustrated that the economic fundamentalism it preaches in the rest of China has not diminished the influence of Buddhism, the monks and, in particular, the Dalai Lama.

Japanese TV goes wild for France

By Carla Rapoport in Tokyo

THE television programme which sold Pope John's Fiat and John Wayne's yacht has decided to move the 200th anniversary of the French Revolution forward a bit.

This Friday, Fuji TV, Japan's most popular television channel, will commemorate the French Revolution's bicentennial with the latest episode of its wildly popular Shopping Game. It has been selling foreign goodies to the Japanese for more than a year.

The first episode featured sporting goods and racked up more than $1m in sales.

Since then, the shopping game has moved into luxury goods in a big way.

Which brings Fuji to the French Revolution and this week's show. The 200th anniversary is still some way off but the availability of the gold coins made Fuji executives decide to speed things up.

Will revolutionary memorabilia be for sale? Not exactly. Keeping the customer in mind, Fuji will also be selling an Amelloti mechanical piano (Y3.6m), antique gambling machines (up to Y3.9m), handmade carpets, limited edition jewellery, oil paintings and a 1974 Citroën SM sports car (Y5.5m). Vive la France!

Iraq extends its missile barrage to city of Qom

BY OUR MIDDLE EAST STAFF

IRAQ yesterday extended its missile barrage against Iran to Qom, the Islamic Republic's main spiritual centre and the home of Ayatollah Khomeini, on the fifth day of reciprocal attacks between the two warring countries .

An Iraqi spokesman said two surface-to-surface missiles had been directed at the holy city, which is 90 miles south-west of Tehran, in a period of one-and-a-half hours around midday.

Ayatollah Khomeini - who now lives mainly in Tehran - told a meeting of relatives of war victims that the Iranian people "desired martyrdom" and that Iraqi attacks only made them stronger. Tehran Radio said no casualties had resulted from the strikes on Qom.

A military spokesman in Baghdad said Iraq would continue to hit Tehran with surface-to-surface missiles until Iran accepted the ceasefire call made by the UN Security Council last July.

S Africa trade surplus falls again to R550m

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH Africa's trade surplus, which has been shrinking for several months as higher growth has sucked in more imports, fell again in January to Rand 550m from R930m in January 1987.

January exports, at R3.27bn, were below last January's R3.38bn, while imports rose to R2.71bn from R2.4bn. Last year, South Africa registered a R13.97bn trade surplus, a major factor in the R6bn current account surplus.

Victor Mallet reports from Nairobi: Archbishop Desmond Tutu, the South African church leader, said yesterday he was launching a personal crusade to force Western countries, especially Britain, to break off diplomatic relations with Pretoria.

"My own intention now is to challenge the West to break off diplomatic relations with South Africa, and to expel South African diplomats until certain conditions are met," Archbishop Tutu said in the Kenyan capital, where he is attending a meeting of the All Africa Council of Churches.

The conditions were the lifting of the state of emergency, the reversal of a recent government clampdown on opposition groups, and the release or trial of detainees.

Afghans 'must decide alone'

BY ROBIN PAULEY, ASIA EDITOR

THE question of a future interim government for Afghanistan following the withdrawal of 115,000 Soviet troops is a matter for the Afghans alone and cannot be settled by international negotiation, said Mr Diego Cordovez, the UN mediator at the Geneva peace talks, which resumed yesterday.

Mr Cordovez was speaking before the Pakistani and Afghan negotiating teams resumed indirect talks to try to agree how and when the Soviet occupation force should go.

Mr Cordovez' efforts mean that a huge programme of international "humanitarian" aid is already being planned for Afghanistan once the Russians have gone.

Agreement is also understood to be virtually completed on a UN team to monitor the Soviet pull-out. It will comprise about 40 officers of the UN truce monitoring unit under a Scandinavian commander.

Mr Cordovez was pressed repeatedly about the transitional government issue, which appears to be the major obstacle to progress at Geneva. "This must be a matter for the Afghans alone."

Mr Cordovez is thus taking exactly the same line as the US, the Soviet Union and Afghanistan on the subject. Pakistan has been insisting this must be in place in Kabul before any withdrawal agreement can be signed.

Signs are emerging that Pakistan is looking for a compromise and might now accept that talks about a new broad-based coalition government could take place as a second-track issue "side by side" with the withdrawal.

The Soviet Union has said withdrawal can begin 60 days after a Geneva accord and might last 10 months. This would leave a year for a government to be constructed.

Mr Zain Noorani, Pakistan's deputy foreign minister, who is heading his country's negotiating team, is to return to Islamabad for the weekend for consultations.

He will return to Geneva on Sunday, which means attention now focuses on next Monday's negotiating session.

AMERICAN NEWS

US manufacturing sector maintains strong recovery

BY ANTHONY HARRIS IN WASHINGTON

REVISED figures for US manufacturing orders and inventories appear to confirm that the strong recovery in this sector is still intact.

However, there was a sharp fall in sales of new single-family houses, down 9 per cent in January. Some recovery is reported in February, following the fall in mortgage interest rates at the end of January.

The fall in new orders for durable goods from the high December levels is now estimated at 1.5 per cent, virtually halving the fall first reported, largely accounted for by the volatile aircraft and metals sectors.

Orders for machinery and non-durables were still rising at an annual rate of more than 6 per cent, and manufacturing order books rose by 1.2 per cent to $408.4bn, the sharpest one-month rise since July.

The detailed figures for inventories, which were not previously available, provide some grounds for caution, since stocks of finished goods rose by more than one per cent from the already high level reported at the end of 1987.

However, this does not appear, as was widely feared, to reflect the weakness of retail sales, except in the motor industry, where sales have subsequently recovered. The biggest rises were in primary metals, where there has been some stockpiling against feared shortages, and in the aircraft industry.

Some of this increase reflects price rises. In current cost terms, inventories rose 0.8 per cent during January and the ratio of stocks to current sales was little changed.

The figures for new housing sales show a drop of more than 25 per cent from the same month in 1987, confirming the weak trend shown in December and the sharp fall in sales of previously owned houses reported by the real estate industry last month.

This fall was almost entirely concentrated in two regions, the south and the north-east. This appears to reflect the deep difficulties of the savings and loan industry in the south, and especially in Texas, and may also show the local impact of the October stock market crash in New York, where the financial community is the mainstay of the real estate market.

In the north-east, where the sales pattern is normally highly volatile, and the survey figures are subject to large sampling errors, the collapse of the last two months follows a high reported figure for November, so that the sharpness of the fall - some 30 per cent down from the previous average - is almost certainly overstated. All the same, it is too sharp to be accounted for by statistical oddities.

Stewart Fleming on prospects for the US primaries in a state fallen on hard times

Bankrupt Texas shies from tackling taxes

"LIFESTYLES OF the Rich and Bankrupt" is the headline on the cover of the latest issue of Texas Monthly.

The glossy magazine has traditionally preferred to celebrate the opulent lifestyles of Texas millionaires. But the collapse of oil prices and a speculative boom in the Texas real estate market have triggered a spectacular series of personal bankruptcies and corporate failures.

The Texan ideology of keeping politics out of business, which has governed the state for decades under Democrats as well as Republicans, has also been exposed as bankrupt. It took the individualistic political traditions of the old South and raised them to something akin to a state religion. Now nobody is quite sure what to replace it with.

There is a lot at stake. Five per cent of the delegates to both the Republican and the Democratic conventions will be chosen in Texas. This makes the state the biggest prize on the list of 20 states which hold primaries and caucuses on Super Tuesday, March 8.

Governor John Connally has come to symbolise the state's problems. A Texan folk hero, he was wounded when President John Kennedy was assassinated in Dallas, and spent a period as Secretary of the Treasury. After his recent bankruptcy proceedings, he is supplementing his meagre $6,000-a-month income by promoting a Houston savings and loan institution on television. He tells its customers that "there is no better place than Texas to start out all over again."

Texans can identify with this sort of never-say-die optimism. Governor Connally's example is no doubt helping them come to terms with the traumatic economic blow to the state's self esteem.

But a growing number of Texan officials have come to the conclusion that something more than this is required. More activist state government may be needed if Texas is to accomplish the transition from a self-starting, oil-based economy to a more diversified knowledge-based economy.

Five years ago Ms Mary Scott Nabers, the commissioner representing employers in the three-member Texas Employment Commission, held an unquestioning belief in the hands-off philosophy shared by most Texans.

The owner of a couple of radio stations in rural west Texas, Ms Nabers did not doubt that prosperity for her state, as well as for her country, could best be secured by giving entrepreneurs their heads, keeping taxes low or negligible - Texas has no state corporate or personal income tax - and keeping government off the backs of the people. So far as possible, that also meant keeping it out of the lives of the poor, who had to learn to fend for themselves.

Now she says, her attitudes have changed. So inadequate is the vocational training system in Texas, she says, the state cannot even meet the burgeoning demand for cooks or food handlers for restaurants.

Like many other farsighted Texans, she fears that unless steps are taken soon to improve the state's long-neglected education system, the state economy will not attract and develop the new businesses it needs to recover its former dynamism.

Ms Nabers' concerns about the structure of education, training and employment in the state are also alerted her to the challenge posed by an underfunded, overcrowded prison system. She echoes the judgement of Rev Jesse Jackson, the black Democratic presidential candidate, that it is cheaper to provide a good education to a citizen to keep him employed and out of prison than to pay the costs of imprisonment once he is there. "Prison policy is a business issue," she says.

"I am convinced a more activist government is needed," says Ms Nabers. That activism needs, in her view, to go beyond the sort of public/private sector co-operation which has brought the Defence Department-funded Sematech semiconductor project to Austin, and has lead the state belatedly to set up a Commerce Department.

Many conservatives see Ms Nabers' views as the thin end of the collectivist wedge. Attitudes towards the role of government among the political and business elites may be in flux, but officials sense that awareness of the need for change among voters is even less well developed. As Ms Nabers says, "The voters are not ready."

There are arresting parallels between the political dynamics of economic change in Texas and the debate being conducted at the national level over government's role in the economy, infrastructure and taxation.

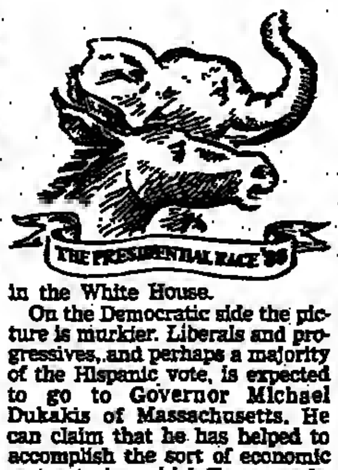
Progressives in Texas - to allow oneself to be labelled a liberal is an act of political suicide - are convinced that state government needs to invest in Texan human resources as vigorously as it once invested in its oil fields. But with the state government only just emerging from a budget crisis, expanding state services will require raising new taxes - perhaps introducing an income tax.

The sympathy to both interventionist government and taxation is keeping the tax question off the agenda. Those few Republicans who are not ideologically opposed to a more active state government fear that to support higher taxes would be to halt two decades of progress for their party. During this period, Texas has moved from being a Democrat-dominated political system to one in which the Republican party is becoming competitive at the state level.

For their part, progressive Democrats fear that support for a tax increase at this stage would hand the Republicans a club to beat them with on election day.

On the Republican side, Vice President George Bush claims Texas as his home and keeps a permanent (and mostly empty) suite of rooms in a Houston hotel to sustain his voting registration. He could, his supporters say, sweep all 111 delegates if his 60 per cent poll ratings among Republican voters are accurate. His "no tax increase" stand on the Federal budget deficit has helped to solidify his support.

But one of the main reasons the state will go for Bush is that Texan politicians want a Texan in the White House.



On the Democratic side the picture is murkier. Liberals and progressives, and perhaps a majority of the Hispanic vote, is expected to go to Governor Michael Dukakis of Massachusetts. He can claim that he has helped to accomplish the sort of economic restructuring which Texas needs, and is successfully appealing to the liberal activists who tend to turn out heavily in Texan primaries.

But if Governor Dukakis emerges as a narrow winner it will be, says Mr George Christian, President Lyndon B Johnson's press secretary, in large part because each of the other major Democratic candidates will also command solid support among the 1m to 1.5m voters in the Democratic primary.

If these expectations are fulfilled, the Texas primary will not produce a decisive winner on the Democratic side, and the candidates will have to divide up the biggest prize of Super Tuesday.

It is a pattern which may are expecting will be repeated in other Super Tuesday states. The conclusion being drawn is that as in Texas, where the dominant mood among the voters is a mixture of apathy and uncertainty, none of the candidates has been successful in making a compelling case for Democrats to support him.

Vermont boost for Bush

VICE-PRESIDENT George Bush led Senator Bob Dole on Tuesday night in the Republican presidential primary in Vermont and Mr Michael Dukakis won the Democrats' contest over four others, AP reports.

The Rev Jesse Jackson ran a strong second to Mr Dukakis, the governor of neighbouring Massachusetts.

Vermont's national convention delegates will not be apportioned until next month in party caucuses and the candidates practically ignored the north-eastern state to concentrate on the south in preparation for next week's Super Tuesday primaries among 20 US states.

Mr Pat Robertson and Rep Jack Kemp put up little effort and lagged far behind the Republican frontrunners.

The primary took place on Town Meeting Day when Vermont's 328,466 voters decided town budgets and road repairs.

With 43 per cent of Vermont's precincts reporting, Mr Bush took 49 per cent of the votes with 6,942, compared with 4,996 for Mr Dole, representing 41 per cent.

Mr Robertson, whose supporters said they were focusing on the April caucuses, had 5 per cent and Rep Kemp 3.4 per cent.

Among the Democrats, Mr Dukakis had 7,702 votes (54 per cent) and the Rev Jackson 4,323 votes (30 per cent).

Rep Richard Gephardt, who visited the state several times, took 7 per cent of the vote and Senator Paul Simon, who made no real effort, had 5 per cent. Mr Gary Hart had 3.6 per cent and Senator Albert Gore was not on the ballot.

Panama regime 'has staved off crisis over cash shortage'

BY DAVID GARDNER IN PANAMA CITY

PANAMA has temporarily headed off a cash-crunch by securing funds from unspecified sources, according to senior officials of the Democratic Revolutionary Party (PRD), which is allied to the National Guard.

The regime can now confront the business-led strike, which began on Monday in an attempt to topple strongman Gen Manuel Antonio Noriega, with more confidence than seemed possible even a week ago.

Officials say they have secured bilateral aid - from countries they are unwilling to name but claim include one West European nation - at least sufficient to see out this month.

Mr Luis Gomez, of the PRD National Assembly, said: "We're collecting crumbs but the point is we are picking them up. We're surviving. But if the strike goes on for more than 10 days then we're in trouble." The Government's total cash resources had dwindled to about $70m by the last week of January, according to the Planning Ministry.

Panama is a US dollar economy with neither a central bank to print money nor a currency it can devalue. It is about $70m in arrears on the $4bn public sector foreign debt and has been cut off from credit flows from international institutions like the World Bank and, since last June, from all US aid.

Local banks, moreover, have lost half their liquidity since the private sector-led Civic Crusade to oust Gen Noriega began last summer.

Projected revenue this year, eroded by the Civic Crusade's "fiscal disobedience" campaign, is just enough to cover current outgoings, with nothing for investment, maintenance, or a total debt service bill of $950m. The roll-over agreement Panama reached with its commercial bank creditors last August expires in two weeks.

Opposition leaders yesterday claimed the strike had shut down 85 per cent of industry and commerce as it moved into its third day. They plan to raise the tempo by calling for mass demonstrations.

● A US judge issued a temporary restraining order, blocking the Republic National Bank of New York from transferring an estimated $10m. The lawsuit, filed by lawyers from Washington, seeks to establish title to the funds held in the Republic National Bank account.

Argentina signals shift in oil exploration policy

BY TIM COONE IN BUENOS AIRES

MR JORGE LAPENA, Argentina's Secretary of State for Energy and president of the state oil company YPF, resigned yesterday after a request from President Raúl Alfonsín.

His resignation is liable to lead to greater foreign and local oil company participation in gas and oil exploration at the expense of loss-making YPF.

President Alfonsín asked for the resignation to end a dispute between Mr Lapena and his superior, Dr Rodolfo Terragno, the new Minister of Public Works and Services, over the future of oil policy and in particular the role of YPF. After quitting, Mr Lapena said he had conflicting points of view with Dr Terragno over private sector participation in oil production and the budget allocated to YPF.

Dr Terragno took over the ministerial post last September and embarked on a financial clean-up of the state-run enterprises.

To some extent Mr Lapena has boosted private sector participation through an advance in exploration risk contracts being signed with foreign oil companies. The dispute seems to have centred on short-term targets to boost gas and oil output from existing fields, mainly through secondary recovery, which would involve private sector participation in YPF-operated oilfields.

● The Peronist opposition has called for an Argentine military response to the UK manoeuvres in the Falklands, scheduled to take place from March 7 to 31 despite international criticism. The Peronists said the Government's policy over the islands had been "insufficient".

Shultz keeps his foot in the door in search for elusive settlement

Tony Walker analyses reaction to the Shultz Middle East odyssey

SHUTTLE DIPLOMACY has a long and not always honourable tradition in the Middle East. US Secretaries of State have come and gone, sometimes leaving a footprint in the sand, but more often than not their impact on events has been slight.

In regional capitals, the question being asked this week is whether the mission of Mr George Shultz, the latest US Secretary of State to traverse well-worn diplomatic trails, amounts to anything more than a belated US attempt to convince the sceptics that it does have a Middle East policy beyond almost unconditional support of Israel.

The phlegmatic Mr Shultz left the region on Tuesday at the end of five days of fairly leisurely discourse with heads of government, delaring that "nobody has signed up for our proposals but everybody wants us to keep working."

Early indications of Mr Shultz's progress in his discussions in Damascus, Amman, Cairo and Jerusalem do not seem to hold out much prospect of his initiative blossoming into a revival of what is referred to these days as the "Peace Process" as he heads back to the Middle East after his Brussels meeting with President Ronald Reagan.

US officials say, however, that Mr Shultz's aim hitherto has been to sound out opinion before exposing in detail his own proposals and that his efforts should not be dismissed in advance simply because of the difficulties involved. Indeed, the Secretary of State says that he plans soon to state US intentions.

Arab observers have been asking where is the substance of Mr Shultz plan which broadly envisages a process of accelerated self-rule for Palestinians in the West Bank Strip and agreement on negotiations on the "final status of the territories within a specified time."

In Cairo, Mr Tahsin Bashir, a former Egyptian ambassador and spokesman for both late Presidents Nasser and Sadat, said that Mr Shultz had thus far only provided "appetisers."

"Where is the meat," Mr Bashir asked, adding that the US official faced an "uphill battle in his efforts to persuade a divided Israeli Government to embrace contentious principles that would allow peace efforts to proceed."

Mr Bashir said nevertheless that from the Arab standpoint there were some promising elements in Mr Shultz's public statements. These were his pointed references in a speech in East Jerusalem last Friday and in Cairo on Sunday to "legitimate Palestinian rights," and his apparent firm endorsement of the need to exchange land for peace in occupied territories as the basis of any settlement.

In Amman, a senior Minister said this week that all parties in the region, including the Syrians, were anxious that he should keep talking. The minister was pleased that some of the ideas agreed to by Jordan and the US in 1985 seemed now firmly part of American thinking.

These involved US recognition of Palestinian "legitimate rights," and its acceptance of the principle of a joint Jordanian-Palestinian delegation — including representatives acceptable to the Palestine Liberation Organisation — as a negotiating bloc.

Jordan's efforts to revitalise the peace process in partnership with the PLO collapsed by early 1986 with King Hussein accusing Mr Yassir Arafat, the PLO Chairman, of reneging on undertakings to endorse UN Security Council resolution 242 which implicitly recognises Israel's right to exist within secure pre-1967 war boundaries.

A sticking point as far as the PLO was concerned at that time was US refusal to endorse Palestinian rights to self-determination without the PLO's acceptance in advance of Israel's right to exist. Mr Shultz, by talking about "legitimate rights for Palestinians, is indicating some flexibility on this issue."

Seen from Cairo and from the East Bank of the River Jordan, Mr Shultz's problems are not so much with a peace formula suitable to the Arabs as his apparent inability to persuade the two halves of the Israeli coalition Government to agree on a common negotiating position.

The refusal of Mr Yitzhak Shamir's Likud faction to agree either to the principle of an international conference as a means of facilitating a revival of peace efforts or to embrace the notion of territorial compromise is jeopardising Mr Shultz mission. Officials in Arab capitals are pessimistic about the US officials ability to narrow differences between opposing Israeli groups.

In the meantime, Arab states are seeking to maintain a united stand on an acceptable formula for peace talks. This includes an insistence on an international conference attended by parties to the dispute, including Palestinian representatives, plus the five permanent members of the UN Security Council, and that discussions focus on a "comprehensive settlement."

Statements in London on Tuesday following a meeting between Mr Shultz and King Hussein reflected continuing Arab scepticism about the US proposals. A spokesman for the Jordanian monarch said that he had "indicated to the American Secretary of State that the elements of these new American ideas required development to correspond with the requirements for a just and durable peace."

Michael Field reports from Syria, a country which cannot be ignored if an Arab-Israeli deal is to be reached

The power to say 'No'

AS HE FLIES back to resume his Middle East peace mission Mr George Shultz, the US Secretary of State, will be pondering, among other weighty problems, the difficulties of negotiating with Syria.

The Syrian Government has totally rejected the US scheme for limited autonomy, as opposed to independence, for the West Bank and Gaza. But, as Mr Shultz and his predecessors have discovered, forging a workable peace agreement between the Arabs and Israel is virtually impossible without Syria's support.

Syria was the first country that Mr Richard Murphy, the US Assistant Secretary of State, visited when he toured the Middle East earlier this month laying the groundwork for the Shultz mission.

If the American initiative does make progress, the Syrian Government is likely to insert itself into the diplomatic game, probably by being obstructive. It will back whichever Palestinian factions reject the move towards peace and attempt to prevent a settlement in the hope that the other parties involved in the process will listen to its own demands.

Syria carries weight in the Arab world. It has a population of 10m, a strong army and is important in a cultural and nationalist sense; President Nasser called it "the beating heart of Arabism."

These will be for the return of the Golan Heights, which Israel captured from Syria in the 1967 war and annexed in 1981, and for a genuinely independent Palestinian state.

Syria is a country that carries weight in the Arab world. Its political, financial and military support to the Palestinians and its influence in Lebanon gives it considerable say. It is also important in a cultural and nationalist sense; President Nasser of Egypt referred to it as "the beating heart of Arabism."

In the 1950s and 1960s, when it suffered successive coups d'etat, it was the country that other Arab governments fought to have in their pockets. However, since President Hafez Assad seized power in 1970 as a relatively obscure air force commander, it has enjoyed a long period of stability.

Syria has poor relations with America, it is not on speaking terms with Egypt, or with Mr Yasser Arafat of the Palestine Liberation Organisation, and it is the one Arab country which the Israelis genuinely hate — because of its alleged cruelty to Israeli prisoners.

On the other hand it is capable of displaying surprising realism in its foreign policy once its importance is recognised by others as Dr Henry Kissinger discovered when,as Secretary of State, he negotiated a disengagement agreement between Damascus and Israel following the 1973 Middle East war. Despite a heavy dependance on the Soviet Union for military supplies it pursues a non-aligned foreign policy based on self-interest.

Inflation is eating away the standards of living of people who were once a part of a modern consumer economy. Official foreign exchange reserves are zero.

Whatever ordinary Syrians may think of their Government in other respects, they appreciate its tough diplomatic stance because it makes them feel that their country is important.

The Syrian Government's weight would be greater still if its internal policies were more successful. President Assad's regime may have broken the cycle of coups d'etat, but its oppressive rule has stultified Syria's social development. Its economic policies have also driven a once-prosperous country to near bankruptcy.

Since Mr Assad's coup, Syria has been ruled by a group of generals, many from the mysterious Alawite sect, an exotic branch of Shia Islam, whose adherents believe in the divinity of Ali, the cousin of the prophet, Mohammad. The connection is politically important but it does not have any religious significance; the philosophy of the men who run Syria is avowedly socialist.

The generals derive their power from having large elite units or special intelligence organisations under their commands. These armies are as important to them as militias are to the leaders in Lebanon.

President Assad is widely respected as an ascetic man. He does not overeat or drink — he is diabetic — and, as far as one can tell, he has not amassed a large fortune. He is shrewd and patient but he can also be cruel, tough, and preoccupied with power.

Some of his generals are of e different stamp. Senior officers trade state commodities on the black market while others have shares in the cultivation of drugs run partly under Syrian army auspices in the Bekaa valley of Lebanon.

In confronting opposition to its rule, the military establishment is ruthless. After two years of a terrorist campaign by the fundamentalist Moslem Brotherhood in February 1982, the Syrian army surrounded a large part of the town of Hama, a Brotherhood stronghold, razed it to the ground, and massacred up to 20,000 people who lived there.

Since then, the opposition has declined. In 1986 terrorist bombings, thought to have been carried out by unco-ordinated Brotherhood cells, killed about 200 to 300 people, but in the past 14 months the attacks have ceased.

Still, at every street corner and outside important buildings — government or private — in Damascus one sees casually dressed guards cradling Kalashnikov rifles. They are members of the various security forces and, as a Damascus resident said recently: "It takes something out of you every time you walk past a youth with a machine gun, and you try to pretend that it is the most natural thing in the world."

Despite the brutality of the Government and the corruption, the Syrian people are friendly and the atmosphere in Damascus is relaxed, unlike Iraq where the sense of oppression is palpable. The Syrian middle classes are easy-going, mercantile people, who travel frequently to the Western world. The Government allows European newspapers and seldom censors them. Of all the countries in the Arab world, Syria is the one where one sees least evidence of militant Islam in the way people dress and behave, away from holy places.

The impression of a fairly relaxed society is reinforced by the glitter of the rich in Damascus. The hotels and restaurants are full of plump, expensively suited men with large Cuban cigars — businessmen, government and ruling Baath Party officials — often with overdressed female companions.

Below this privileged layer of society, the condition of civil servants, professional men and other Syrians living on salaries is bad and deteriorating. Inflation is eating away the standards of living of people who were once a part of a modern consumer economy. Many people are emigrating, others survive by doing two jobs, or being supported by relatives abroad.

The Syrian economy is in desperate straits. More than half the Government's spending goes on the armed forces and security. The state owes $12bn to $17bn to the Soviet Union for military equipment, and has several billion dollars of other foreign debts — it publishes no accurate figures for these or other parts of the economy.

The country's current foreign exchange income was made up last year of about $500m of Saudi Arabian subsidy, $200m of remittances from Syrian workers abroad, about $150m net of oil revenues, and perhaps $300m of other visible and invisible exports — in all, not more than $1.2bn. Official foreign exchange reserves are zero. As soon as income comes in, it is spent.

Inflation in 1987 is estimated unofficially to have run at about 100 per cent. The Syrian pound on the free market in Lebanon has fallen from 6 to the US dollar in 1981 to 37 this year.

The country's state-owned factories tend to be incompetently run and lack spare parts and raw materials. The construction business is at a halt. State controls on agricultural prices have caused such a drift of people from the land that the country has changed from being a minor exporter to an importer of basic agricultural products.

Faced with this situation, Mr Mahmoud Zobi, the new Prime Minister, last autumn decided to mobilise the resources of the private sector, which is believed to have anything from $25bn to $50bn abroad. It partially opened large-scale agriculture and industry to private investment, authorised investors to keep most of their foreign exchange earnings, and put more items on the list of permissible private sector imports.

Few people outside the Government have faith in these reforms working. Businessmen still feel stifled by state controls, which dictate the types of business in which they may invest, their prices, to whom they may sell, and their employment policy.

The one ray of hope for the Syrian economy is the discovery by Shell of a string of oil fields in the east of the country. Last year, these gave Syria a surplus on its oil trading account for the first time since the late 1970s.

Among some sections of the Syrian intelligensia there is a feeling that the best policy for the country in the future would be further liberalisation and even privatisation. There are many, even near the top of the Government, the army and the Baath Party, who have a secret admiration for America. Others feel that socialism has failed to create e better society in the last quarter century

However, the forces opposed to liberalisation are strong. In the final analysis, the President is conservative and is unlikely to allow much tampering with socialism.

SYRIA PROFILE

Area	185,180 sq.km
Population 1986:	10,612,000
Palestinian pop' 1981 (est): 220,000	
GNP per capita 1985:	US $1,570
GDP % change 1985:	8.7
Inflation 1987 (est):	100%
Current account balance 1986:	US $-431m
Non military external debt, end 1986 (OECD countries and multilateral:	US $4,527m
Distribution of GDP 1985	
Agriculture:	22%
Industry:	21%
Services:	57%

President Assad

Bechtel moves up in battle to win Turkish power deal

BY JIM BODGENER IN ANKARA

RIVAL teams from two consortia bidding to build Turkey's first "build-operate-transfer" (BOT) thermal power station arrived in Ankara yesterday for separate negotiations with the Government.

Although a consortium led by Australia's Sea-pac Control Services is most advanced in negotiations, difficulties in raising equity could lose it the lead to a group led by the US Bechtel Corporation, Turkish officials admit.

The Australian-led group's proposal for a $1.5bn plant at Gazi, near Iskenderun, was last autumn ranked first of three BOT schemes for major power stations burning imported coal. These proposals basically involve the establishment of private sector concession ventnres to build, raise finance for, and then operate the power stations to pay off construction financing and make profits. The otber proposal, ranked third, has been offered by a group led by Japan's Electric Power Development Company.

All that the Sea-pac group lacks is the Australian equity share of the 1,400MW power station it plans to build at Yumurtalik in south-east Turkey. Its implementation agreement was signed with the Government in early January. However, Turkish officials expect the Bechtel consortium will move much faster through negotiations towards an implementation agreement than the Australian deal.

Sir Joh Bjelke Petersen: pet scheme

Bechtel officials say that in principle all its equity and financing needs are in place in its proposal for a 960MW plant at Tekirdag on the Sea of Marmara. It expects to sign its implementation agreement by May, and will move quickly to close the deal thereafter. Construction according to this scenario could start next January.

The Sea-pac deal was a pet scheme of maverick Queensland premier Sir Joh Bjelke Petersen, before he was driven from office last autumn. He had promoted it as e panacea for Queensland's depressed coalmining industry.

The Qaeensland treasury is against the scheme, and the successor administration to Sir Joh's lacks either the strength or conviction to persuade it otherwise. The Sea-pac group has been forced to go cap-in-hand to the federal government, other state governments, and even coalmining companies. It also still has to sell the deal to commercial banks for construction financing. However, Turkish officials say the Australian equity share can be replaced if necessary, although this will delay a final contract. The consortium also includes the US Westinghouse Electric Corporation and Japan's Chiyoda Electric Power Company.

The Bechtel group includes Enka in Turkey and West Germany's Kraftwerk Union. Despite the ranking last autumn, Turkish officials now say they have no preference for either scheme, so long as one goes ahead this year. It seems unlikely two contracts will be signed this year, given the present mood of austerity in Ankara.

Dhaka in $325m urea plant deal with Japan

By Sayed Kamaluddin in Dhaka

BANGLADESH IS to sign two agreemsnts with Japanese companies to build and expand urea fertiliser plants. Both projects will be financed by Japanese soft loans.

The state-owned Bangladesh Chemical Industries Corporation will sign the two deals, negotiated on a turnkey basis, next month with Mitsubishi and Toyo Engineering. Ths projects are due to be commissioned by 1991.

The new plant in which Mitsubishi will be involved will have a capacity of 561,000 tonnes while the capacity of the Ghorasal fertiliser factory will be expanded by 25 per cent to 500,000 tonnes, said Mr Mosharraf Hossain, BCIC chairman.

The new fertiliser plant, to be known as Jamuna Fertiliser, will cost $325m, including a foreign currency component of $230m. A letter of intent will be issued this month.

The Ghorasal expansion programme to be undertaken by Toyo Engineering will cost about $80m,including a foreign currency element of $70m. Toyo set up the original Ghorasal fertiliser plant.

With the commissioning of Chittagong Urea Fertiliser late last year, Bangladesh has emerged as a net exporter of urea. During the current fiscal year, it intends to export about 300,000 tonnes of urea, worth over $31m, to China, Sri Lanka and Nepal.

Mr Hosain said that the country was producing 1.6m tonnes of urea. By 1991, Bangladesh's urea fertiliser requirements would be increased to around 1.5m tonnes by which time urea fertiliser production capacity would be increased to well over 2.2m tonnes, leaving a surplus for exports.

Fertiliser shortfall in the whole of Asia is expected to remain fairly high. By 1990-91, it will be around 3.2m tonnes. With both India and China being close neighbours and natural markets for urea fertiliser, Bangladesh is unlikely to have any problem with marketing its surplus urea.

Japanese in Malay palm oil venture

By Wong Sulong in Kuala Lumpur

PALMCO Holdings, Malaysia's biggest palm oil refiner, and Kao Corporation, the Japanese detergents and chemical group, have announced a 180m ringgit ($70m) joint venture to produce high-value palm oil by-products in Malaysia.

The venture, which has been granted pioneer status by the Malaysian authorities, will be 70 per cent owned by Kao and 30 per cent by Palmco.

The plant, which will be located next to Palmco's refineries at the Prai industrial complex in Penang state, will be one of the largest of its kind in the world, producing 60,000 tonnes of methyl ester, 30,000 tonnes of fatty alcohol, and 8,000 tonnes of glycerine annually.

Construction will start next month, and will take 20 months.

Kao will take 60 per cent of the output for its own use in the manufacture of detergents, paints, cosmetics and toiletries.

Mr Steven Chan Fook Koon, Palmco's deputy managing director, said the plant would take raw materials from the Palmco refineries. Kao would be assured of its supplies of raw materials from the new plant.

● The Engineering Advancement Association of Japan has signed a four-year co-operation programme with the Malaysian Palm Oil Research Institute to develop more efficient and fuel-saving methods of fibre-nut separation and oil extraction.

● Malaysia and China are scheduled to sign a trade agreement in Peking on March 31. Mr Rafidah Aziz, Malaysia's Trade and Industry Minister, said yesterday she would be visiting China to sign the agreement.

S Korea's trade surplus jumps 20% in January

BY MAGGIE FORD IN SEOUL

SOUTH Korea's current account surplus for January leapt 20 per cent, pushed up by a 41 per cent rise in exports compared with last year, according to figures from the Bank of Korea, the central bank.

Exports rose to almost $4bn, with cars showing a 94 per cent rise, and electronics sales up 46 per cent. Imports rose 49 per cent compared with January last year, with crude oil up 73 per cent and machinery up 67 per cent. The January trade surplus reached $643m, and invisibles boosted the current account surplus to $817m.

The figures for the first month place in doubt government forecasts of a current account surplus fr the year of $5bn-$6bn. Seoul is under severe pressure from the US to reduce its trade surplus with Washington from the $9.6bn recorded last year.

Mr James Baker, the US Treasury Secretary, who visited Seoul last week for the inauguration of President Roh Tae Woo, strongly urged South Korea to liberalise its markets to imports and appreciate the won currency.

The won is appreciating at an annualised rate of 20 per cent against the US dollar and some economists believe that the pace may be accelerated. They note that quicker appreciation could moderate the inflationary tendencies at present causing concern.

Companies, which are thought likely to be able to absorb a rise of between 10 and 15 per cent, would see stronger effects on profitability above that level. The Korea Traders Association yesterday expressed concern over the effect of won revaluation on small companies, warning of possible bankruptcies.

Company results, Page 33

EC set to punish Japanese over typewriter dumping

BY WILLIAM DAWKINS IN BRUSSELS

EUROPEAN Commission officials yesterday confirmed they had recommended punitive duties for four out of six Japanese makers of electronic typewriters accused of trying to circumvent EC anti-dumping laws by setting up low-cost assembly plants in Europe.

The companies involved are Sharp, based in Wrexham, Matsushita in Newport, Silver Reed in Birmingham, all in the UK, and Canon in Brittany, France. Brother, also based in Wrexham, and TEC Tokyo Electric in Brunswick, West Germany — which Commission officials had earlier suggested would be penalised — were cleared of trying to avoid anti-dumping laws.

These come as the climax to the first legal actions taken under a controversial EC trade law, introduced last year, designed to extend anti-dumping duties from imports of assembled products to components shipped to the EC for assembly. The duties, however, will not become final until they have been sanctioned by member states.

That decision will re-open a fierce debate between countries like the UK, which has been keen to welcome Japanese investment for the jobs it brings, and countries like West Germany, which are keen to put a stop to what they see as unfair trade practices.

Japan citrus import threat

MR CLAYTON YEUTTER, the US Trade Representative, said Japan wanted to keep its quotas on foreign citrus fruit and had threatened to stop purchases of American grain in order to retain them, Reuter reports from Washington.

However, Mr Yeutter said the US would continue to press for an end to the quotas, which expire on April 1, on the grounds they were incompatible with global trading regulations under the General Agreement on Tariffs and Trade.

Japan was recently challenged before Gatt for its curbs on other food products, and lost, forcing it to open its markets to a range of products.

Mr Yeutter, testifying before a House Appropriations subcommittee, said, "They [Japan] would like to extend the quotas into the future."

Japan is one of the largest buyers of US grain.

Managed floating urged to stabilise exchanges rates

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

LEADING INDUSTRIAL countries should commit themselves to a period of "managed floating" of exchange rates as the first step towards reform of the international monetary system, according to a report by independent experts published today.

The report, published by the centrist Public Policy Centre, is the work of a committee of international economists, officials and bankers under the chairmanship of Lord Croham, the former head of the Treasury.

Its conclusions lend support to the initiative of Mr Nigel Lawson, Chancellor of the Exchequer, made at last September's annual meeting of the International Monetary Fund. Then, Mr Lawson called for a shift towards a more formalised system of exchange rate management to replace the free-floating regime used since the breakdown of the Bretton Woods regime in 1973.

The committee says the breakdown of last February's Louvre Accord among the Group of Seven nations reflected the failure of participants to will the means as well as the end of exchange rate stability.

Official commitments to adjustments in domestic policies aimed at gradually eroding the huge US trade deficit and the surpluses in Japan and West Germany were not sufficiently implemented.

Nigel Lawson: backed by committee report

To restore credibility to the Louvre effort, it says, "it seems essential to ensure that fiscal policies over the medium term be seen to be adjusting in a direction consistent with objectives for external balance."

For the US, that implied convincing financial markets that its programme of cuts in the US budget deficit would not stall; and for the surplus countries it required adequate commitments to main growth.

The committee says that if such policies were carried through, the dollar's present market rates would probably be compatible with the objective of reducing the US external deficit to a level of about $50bn.

During such a transition period, however, governments should not opt for a set of declared exchange rate targets, but rather a working agreement to stabilise rates around current levels. Such loose ranges could be altered in line with changing economic conditions.

Over the medium term, the Group of Seven should aim for a more permanent system of "managed floating" which would combine some of the flexibility of floating rates with the fiscal constraints imposed by Bretton Woods.

In practice, that would imply setting established bands of permitted fluctuation for exchange rates, with occasional shifts in the central rates of those bands — needed to reflect inflation differentials — confined to pre-set limits.

The "rules of the game" would also include guidelines for fiscal policy, based on a medium-term aim for each country of a balanced budget.

After the Louvre: Promoting Exchange Rate Stability. PPC, 10-12 Cork Street, London W1X 1PD. £6.00.

'Slow action' on damage to roads by lorries

By Kevin Brown, Transport Correspondent

THE Transport Department has been slow to take action to reduce damage to roads and bridges caused by heavy lorries, the all-party Commons public accounts committee said yesterday.

In a report on the regulation of heavy lorries, the committee says it is concerned about long delays in addressing fundamental issues and the lack of urgency in promoting essential research.

It calls on the Transport Department to prepare a firm plan of action, and warns that dealing with the new problems associated with heavy lorries will require "a higher level of commitment, energy and drive."

Damage to roads and bridges caused by heavy lorries is probably greater than the £600m a year estimated by the department, which does not include the cost of delays and diversions during repair work.

The estimate also excludes damage to underground pipework and cabling, in spite of a government acknowledgement five years ago of the importance of research in this area.

The committee says it is unsatisfactory that research did not begin until last year and urges the department and the utilities involved to reach an early conclusion.

The report says the department is not making sufficient effort to encourage lorry operators to use air or fluid suspension systems, which it says could reduce road maintenance costs by about £100m per year.

The department is considering introducing more flexible loading rules for lorries using improved suspension systems, but the committee says earlier and stronger action should have been taken.

Tax incentives intended to encourage operators to use the least damaging axle configurations have also proved to be insufficient.

More vigorous efforts are needed to combat overloading, which probably causes more damage than the department estimate of £50m per year.

A 38-tonne lorry overloaded by 10 per cent for a year earns additional gross revenue of £10,000, and operators are unlikely to be deterred by the low risk of detection, or "derisory" average fines of £161.

The Freight Transport Association, which represents the transport interests of 13,500 companies, supported the call for increased research.

Regulation of Heavy Lorries. 13th Report of the Public Accounts Committee. House of Commons Paper 170. HMSO. £2.90.

New town plan to house 5,000

BY ANDREW TAYLOR

PLANS TO build one of Britain's biggest private housing developments, on 600 acres of land at West Thurrock, Essex, were announced jointly yesterday by Blue Circle, Britain's largest cement manufacturer, Rosehaugh, the commercial property developer, and Pearson, the publishing and industrial group which owns the Financial Times.

The three groups, which have combined their separate landholdings to unlock the development potential of the site, intend to build a new town at Chafford Hundred, Grays, Essex.

Blue Circle said the scheme, which has won detailed planning permission for the main infrastructure work, was one of the largest schemes of its type.

The proposals include the construction of up to 5,000 homes, several schools, a church, shopping precinct, clinic, railway station, roads and leisure areas.

The development will take ten years to complete and is expected to cost between £200m and £300m.

Blue Circle, which is providing the largest parcel of land, will control 50 per cent of the joint development company, Chafford Hundred. Rosehaugh will own 40 per cent and Pearson 10 per cent.

The scheme is one of a growing number of so-called settlement or neighbourhood housing developments, also known as country towns, which have been proposed by private developers in south-east England and East Anglia.

Common factors of these schemes are that they are all large self-contained developments designed to create their own identity and environment with a wide mix of different types of housing serviced by their own shops, schools, churches, community and leisure facilities all provided by the developer.

Many of the schemes have been proposed for sites near to, or along main roads feeding into, the M25 around London.

Consortium Developments, a group of nine national housebuilders, in December sought planning permission to build 5,000 homes at Stone Bassett, a country town it is proposing to build along the M40, seven miles east of Oxford.

Countryside Properties, the Essex housebuilder, is involved in two large-scale housing developments: one a proposed £250m scheme at Braintree, Essex, and the other, a £350m development at Harlow, Essex.

Scientists gain £3m in royalties

BY DAVID FISHLOCK, SCIENCE EDITOR

MORE THAN £3m is being paid to scientists with three British universities for their contributions to the new method of medical diagnosis called nuclear magnetic resonance (NMR) imaging.

They share part of the first payment of royalties from medical imaging systems based on their patents, secured by the British Technology Group.

The royalties relate mainly to equipment sold by US General Electric, market leader for NMR medical systems.

The invention, by a team of 10 led by Professor Peter Mansfield of Nottingham University, related to the way living tissues are excited by a radio signal to emit information without being exposed to dangerous radiation.

Last June, following an earlier settlement with Johnson & Johnson of the US, BTG negotiated a licensing agreement with General Electric of the US, including a down-payment on royalties relating both to systems already sold and systems on order.

NMR medical systems cost about £1m on average, and more than 500 are installed in hospitals and clinics worldwide.

From 1989, a world market for systems of £300m-£600m is estimated, said Mr Graham Blunt, a BTG marketing executive.

At a dinner at Nottingham University last night, the university received more than £1m for patents dating from 1976, which provide a key element in current commercial NMR systems.

Next week BTG plans to make a similar payment of more than £1m to Aberdeen University, for inventions dating from 1980, relating to the technique of "spin warp." This technique, coupled with Nottingham's excitation process, forms the basis of present commercial NMR systems.

BTG has assembled a portfolio of 16 patents on NMR — also called magnetic resonance imaging — mostly for British university research funded by the Medical Research Council and patented by the National Research Development Corporation, now part of BTG.

Both universities can expect further royalty payments from BTG, which has negotiated licensing agreements with Asahi in Japan and GEC-Picker, and is discussing agreements with other NMR manufacturers.

Oxford University also receives some royalties.

Tourist industry predicts another record year

By David Churchill, Leisure Industries Correspondent

TOURISM OFFICIALS yesterday predicted that 1988 would be another record year for the industry with an estimated 16.3m visitors coming to Britain.

The tourists are expected to spend some £6.8bn — 9 per cent more than in 1987.

Mr Duncan Bluck, chairman of the British Tourist Authority, was optimistic yesterday despite fears that the weak dollar would discourage American visitors. "In spite of the instability of the dollar we anticipate continued steady, albeit modest, growth in this market this year," he said.

Mr Bluck's comments came as it was confirmed that 1987 was the best year ever for British tourism with 15.6m visitors, up on 13.8m in 1986 and higher than the 1985 record of 14.4m.

Last year visitors spent some £6.3bn, 15 per cent more than the previous record of £5.4bn in 1985.

David Owen looks at attempts to liberalise internal Canadian trade

Grappling with regional absurdities

At the beginning of this year Canada signed a bilateral pact with the US that will create the world's largest free trade zone. But for the Canadians at least there was a certain irony in this. Few realise that trade among the 10 provinces and two territories of the world's second largest nation is enmeshed in a web of restrictions.

In many respects, Canadian internal trade relations have more in common with those between the 12 European Community members than the various regional jurisdictions of a single country.

Examples of the absurdities of internal trade barriers abound:

● In 1985, the government of Quebec ordered the city of Aylmer to replace Ontario-made bricks in an urban pavement with local material.

● Ontario effectively keeps milk producers from neighbouring Quebec out of its market by requiring inspection at source while declining to send inspectors out of province.

● Moosehead, a Canadian beer available virtually throughout the US, can be bought in only two Canadian provinces: New Brunswick and Nova Scotia.

Eliminating such obstacles to free and fair trade has been a much-discussed goal for longer than most Canadians care to remember. Any suggestion that a real breakthrough may finally be at hand is therefore bound to be greeted with scepticism.

But hopes are high that enough momentum has at last built up to demolish some of the most damaging obstacles to trade efficiency.

"I cannot prove my point, but I think that the atmosphere is better," said Ontario's Liberal premier, Mr David Peterson, in a recent interview. "I'm strongly of the view that if you are going to build a country together you have to have free movement of capital, goods and people."

Most of Mr Peterson's provincial counterparts appear to agree with him. A statement at last November's annual meeting of prime ministers expressed a desire "to undertake collective action with the intent of reducing or eliminating barriers to trade between provinces in the context of national regional development principles."

Tariffs are effectively outlawed by section 121 of the British North America Act — Canada's original constitution. The most important internal Canadian trade barriers are government procurement regulations, liquor board marketing practices, restrictions on workforce mobility, and differences in standards and norms (especially in the construction sector).

At the behest of first ministers, a task force of federal and provincial officials is now working to eliminate at least two of these non-tariff barriers. This is spurred partly by international pressure such as November's preliminary ruling by the General Agreement on Tariffs and Trade that Canadian provinces are guilty of discriminatory pricing, listing and distribution practices in the field of wine, beer and liquor.

In June, according to Mr Robert Knox, task force co-chairman and director general of the Department of Regional Industrial Expansion, a report on the government procurement and liquor board marketing practice issues will be put to provincial premiers for their consideration.

Moves are also afoot, meanwhile, to set up a permanent mechanism to help resolve inter-provincial trade-related disputes — a sort of Canadian Gatt, in intent if not in bureaucracy. Whether a new secretariat will be required to administer proceedings or whether the mechanism will be quasi-adjudicatory, or will just act as a mediator, remains undecided.

"What has happened is that the partners in our economic union have recognised there is an issue here that they have to address," says Mr Knox in explanation of the recent progress. "It is important to ensure we are making our internal trade contribute as much as possible to Canada's economic development." Canadian internal manufactured goods trade amounts to C$65bn a year.

Inter-provincial trade barriers are not about to disappear altogether, however — as the creation of a permanent disputes settlement mechanism in itself suggests.

"Interprovincial barriers are often a by-product of other legitimate exercises of government," in Mr Knox's opinion. "One person's trade barrier is another person's legitimate policy or programme to help the economy," he says.

Seen in this light, non-tariff barriers are all but inevitable in any confederation, let alone one as decentralised as Canada. While the current initiative may liberate inter-provincial trade in some important respects, a free trade zone stretching from St John's to Vancouver (let alone from the Arctic to the Rio Grande, an idea proposed by President Reagan) is likely to remain a theorist's pipe-dream.

BBC cash bid for world TV service fails

BY RAYMOND SNODDY IN LONDON

THE UK Government has turned down the British Broadcasting Company's request for money to help set up a television version of the World Service.

Mr Timothy Eggar, Foreign and Commonwealth Minister, made it clear yesterday in a written answer that the Government had decided it would not be appropriate to put public funds into the World Television News venture.

The Government noted that the private sector was already broadcasting such a service without public funds — a reference to Super Channel News.

The Super Channel programme is put together by Independent Television Newe and broadcast by satellite to cable television networks in Europe.

The Government rejection of the BBC application for funds which has been under consideration for more than a year came despite support for the concept from 320 MPs of all parties.

BBC External Services, which was seeking £3.4m ($6m) in start up money said yesterday it was extremely disappointed.

External Services said it would probably now seek private sector partners to help finance it.

Clive Wolman discusses Sir Gordon Borrie's objections to exemptions for insurers

Maximum commissions under fire

THE SCALE of maximum commissions payable by insurance companies to brokers and advisers, as proposed by the Life Assurance and Unit Trust Regulatory Organisation, would create a cartel and distort competition, Sir Gordon Borrie, Director General of Fair Trading, says in a report published yesterday.

In a report published a year ago on the rulebook of the Securities and Investments Board, which is responsible for overseeing Lautro and the other self-regulating organisations, Sir Gordon made several objections to a maximum commissions agreement and the exemption granted to those companies and insurance brokers/advisers which abided by it from disclosing how large their commissions were.

In yesterday's report, required under the Financial Services Act, Sir Gordon elaborates on his reasons. He says: "A commission system is essentially inefficient (because payments are not related to the services being sold) and the normal forces of competition do not apply." Since the last commissions agreement was abandoned in 1983, commission rates have generally increased by between 10 per cent and 15 per cent, although commissions on single premium bonds have risen by 50 per cent.

There have also been more indirect forms of increases through the payment of volume overriders, the report says.

The new scale will effectively be a price-fixing agreement rather than a schedule of maximums because insurance companies will not attract any business if they pay less. Sir Gordon notes that the Lautro rulebook merely requires insurance companies to mention in a more general letter to the investor that he can receive a copy of the maximum commissions scale by writing to Lautro. Only a few investors will seek out the information, Sir Gordon concludes.

Sir Gordon disputes each of the five objections made against open commission disclosure:

● The commissions could not be disclosed in a comprehensible way. But Sir Gordon notes that the formula to be followed by companies not abiding by the maximum scale does not "present any technical difficulty."

● Clients would be shocked if they knew how large the commissions were. Sir Gordon says that the commissions are payments for financial advice which are readily accepted in other areas of business.

● Disclosure to commissions will cause investors to attach too little importance to other aspects of choosing a life policy. Sir Gordon concludes: "Information about the price should not be suppressed because that on quality is less palpable."

● Disclosure would place independent advisers at a disadvantage compared with company salesmen who do not have to disclose. However, Sir Gordon notes that companies selling directly through salesmen will probably have to disclose their total expenses.

● Companies would not adhere to the maximum scale without the incentive for no disclosure. Sir Gordon suggests that the scale should be publicised so that investors can compare it with the commissions their policies are paying. The scale would then become a yardstick rather than a cartel, Sir Gordon says.

Sir Gordon's report also analyses the Lantro "polarisation" rules which prohibit those bank branches which purport to offer independent advice to their customers from selling their own life insurance and unit trusts.

He concludes that Lantro's rules are often ambiguous but are also even more restrictive on the banks' activities than the original SIB rules, to which he also objected. In particular, he says, the rules may inhibit bank staff from referring customers to independent advisers if they are limited to selling the bank's own products.

The rules will also inhibit bank staff from channelling advice between the independent intermediary and the customer.

Lautro, A Report by the Director General of Fair Trading, Part 1, Room 517, Chancery House, London WC2, $1.50.

British Gas regulator wins profits breakdown battle

BY MAX WILKINSON, RESOURCES EDITOR

MR JAMES McKINNON, the regulator appointed to prevent British Gas from abusing its monopoly, has won a year-long battle to obtain a detailed breakdown as to how it makes its profits.

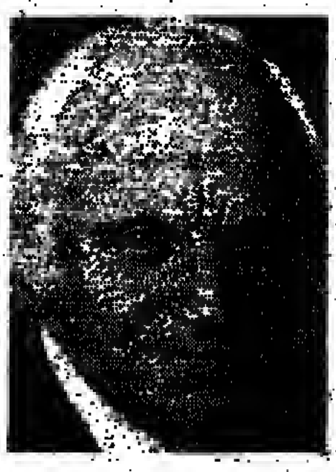
At a press conference to present his annual report yesterday, Mr McKinnon, director general of the Office of Gas Supply, disclosed that the privatised corporation has given way to "the force of logic," after he had threatened legal action last year.

The major concession is that British Gas will prepare figures to separate its profits in the monopoly business serving domestic customers from profits in the unregulated industrial market.

In the run-up to privatisation in December 1986, British Gas successfully argued that it should be allowed to keep the profit figures for its monopoly business a secret.

The Government ignored a recommendation by the Commons energy committee that British Gas should be forced to divulge the information and that the director should certify that the calculations were accurate.

The MPs believed that this information should be published as a check on the operation of the formula which limits the annual price increases allowed for domestic customers.



James McKinnon: won battle by force of logic

Mr McKinnon said yesterday that British Gas had now agreed to provide him with the information in confidence. He said he would also press for disclosure of a breakdown of the profits made in each of the corporation's 12 regions.

Last year he threatened to take British Gas to court if it failed to provide him with the details of its calculations on how domestic tariffs should change. He said yesterday that under Condition 7 of British Gas's licence he could ask for any relevant information.

He said: "If I am a reasonable man performing the functions of my job, there is nothing - but nothing - that British Gas can withhold from me."

One of the next steps, he said, would be to obtain detailed figures relating to the cost of transporting gas through pipelines. This would be needed if independent suppliers wanted to compete with British Gas in the industrial market in a few years time.

However, the most important condition for successful competition would be that British Gas should publish a full schedule of its industrial tariffs, rather than keeping them secret, as at present. This is among the topics being considered by the Monopolies Commission in its present investigation of British Gas.

BT enters financial services

BY DAVID THOMAS

BRITISH TELECOM is entering the financial services market by acquiring a majority stake in a telephone share dealing company.

The company, called ShareLink, is designed for clients who want to carry out quick deals over the phone.

Its backers believe the service, aimed mainly at small shareholders, could have a key role in helping to maintain the momentum behind the growth in private shareholding.

The service is also likely to form a building block for BT's plans to become more deeply involved in financial services.

ShareLink was formed ten months ago by Albert E Sharp, the Birmingham stockbroker.

BT has now taken a 64 per cent stake in the company, with 32 per cent held by Sharp and 4 per cent by the founder and chief executive, Mr David Jones.

Mr Jones said yesterday ShareLink was aiming for a minimum of 30,000 clients in a year. The service will be promoted by advertising and by mail shots to people on share registers.

At present, ShareLink has about 8,000 active clients. They are carrying out 300 deals a day on average over the service, equivalent to about 1 per cent of all deals done in the UK, according to Mr Simon Sharp, senior partner of Albert E Sharp.

Mr Sharp explained that ShareLink was aimed at clients who want a cheap dealing service without having to pay for advisory back-up.

BT is looking at ways to link ShareLink into some of its other operations such as Prestel and Telecom Gold, its screen-based services, so that clients could deal through ShareLink on screen. BT is also keen to provide other financial services over the phone.

Mr Jones said ShareLink might aventually expand into giving advisory services as well.

Brent raises cash from leaseback to avoid cuts

By Richard Evans

THE LONDON BOROUGH of Brent has "sold" its town hall and other council property valued at £40m in a leaseback scheme aimed at avoiding cuts in jobs and services.

The Labour-controlled council, which is in severe financial difficulties, will receive tranches of £15m in tha current financial year and in 1988-89 as part of a seven-year deal with a consortium of UK and Japanese banks.

The controversial deal, taken in defiance of government advice and strongly opposed by the Conservative opposition on Brent Council, follows an Audit Commission report last month that showed the authority was heading for a £20m deficit this year and "a deteriorating finaricial situation" next year.

The report called on the council to take immediate action to control its growing deficit and to monitor spending. It also warned that unless adequate measures were taken, legal action could be started involving the possihle surcharge of councillors.

An initial package of measures involving rent increases of £2 a week and a rate rise of 5 per cent has had to be restructured and the council met last night to consider rent rises from April of £4.50 a week and rate increases of 9.9 per cent.

Under the leaseback, the council has set up a company called Longterm, which will take control of the leases to the town hall, offices and leisure complexes, that will continue to be managed by Brent. The authority will pay £4.3m a year in rent to the company for five years from 1989-90. An additional £6.5m will be set aside each year to buy back the properties after seven years.

Ministers and others, including the Audit Commission which oversees local anthority spending, hava been highly critical of leaseback deals because of the future debt hurdens they create.

Cluster of child cancer prompts tin plant inquiry

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

HUMBERSIDE County Council is to set up a pollution watchdog committee after the discovery of an unusual cluster of childhood cancers in three suburban villages in Hull.

The cancers have affected 12 children under 15 in the last four years, and seven have died.

The committee has been set up in response to suggestions that the cluster may he linked to radioactive discharges in the area.

Mr Tarry Geraghty, Labour leader of the county council, yesterday said he would be seeking an urgent meeting with Capper Pass, the RTZ subsidiary which runs the UK's only tin smelter within five miles of the cluster. The smelter is Europe's biggest recycler of the metal.

Capper Pass, which employs 800, has been licensed since 1985 - when new regulations were introduced – to put small quantities of radioactive waste up its 600-feet chimney.

Mr John Mills, managing director, welcomed any properly conducted inquiry by the watchdog committee.

Mr Geraghty said the local authority was acting because the Government would not.

However, tha Environment Department, whose pollntion inspectorate is responsible for regulating noxious emissions from chimneys, denied there was any danger from Capper Pass discharges.

"The company has been allowed a weekly discharge of 582 megabecquerels of Polonium 210, which emits alpha particles, since the end of 1985.

The National Radiological Protection Board said yesterday: "This is one thousandth of the level of radiation in the natural background. There is no risk to public health. If we thought there was we would have done something about it."

Discharges from the chimney are monitored by government agencies and are running at only 10 per cent of the permitted level. Radioactivity near the plant has been measured at 0.001 becquerels per cubic metre, government spokesmen said yesterday.

They also stressed that independent analysis of discharges from the stack had confirmed these findings.

Mr Mills said yesterday: "Obviously there is a cluster of cancers and naturally people are concerned. It is easy to look round, see our chimney and blame us.

"We have been a Greenpeace target for some time. Wa have invited them to talk to us but they refuse."

BS sells large crane barge

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

BRITISH SHIPBUILDERS yesterday announced the disposal of the world's largest self-propelled monohull crane barge, originally built for a UK company which went into receivership 18 months ago.

BS refused to disclose the sale price of the barge, the ITM Challenger, hut it is believed to have received between £25m and £30m - substantially less than the construction cost of about £45m.

The buyer is Lombard Initial Leasing, which has signed a long-term lease with McDermott Marine UK, which will operate the barge.

BS was forced to take ownership of the barge when ITM Offshore, the Teesside company which placed the initial order, went into receivership.

The sale ends a worldwide marketing operation designed to reduce the corporation's loss on the barge.

Investment warning for NHS

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

FUTURE FINANCIAL savings by health authorities are likely to be jeopardised by a lack of sufficient investment capital, the Healthcare Financial Management Association warns in a report published yesterday.

Capital expenditure in the hospital service, says the association, remained static between 1986 and the end of the present financial year and is expected to increase by only 2.5 per cent in 1988-89.

"All the evidence points to insufficient investment in new huildings in the past and the very poor state of existing stock. As well as causing a drain on maintenance programmes this has the effect of both demoralising the staff who have to work in the buildings and also making it more difficult to provide an efficient service to the puhlic."

The association, part of the Chartered Institute of Puhlic Finance and Accountancy, also reports growing indications that hard-pressed health anthorities are "showing considerahle increases in creditors which they have clearly used as one method of coping with their financial problems."

Ratios of creditors to non-pay expenditure, which in 1982-83 ranged from 6.8 per cent to 14.2 per cent between health regions, were between 9.7 per cent and 22.3 per cent in 1986-87. There were 16 district health authorities - all in the Thames regions in and around London - where the ratio of creditors to expenditure was more than 20 per cent.

The association estimates that English health authorities will suffer a total shortfall of £115m in 1987-88 because of underfunding of pay awards and price increases.

Health authorities, says the report, have been under considerable pressure in recent years to keep within financial allocations and the position is steadily becoming worse.

Although the extra £75m to English authorities announced by the Government in December would go some way to alleviating immediate pressure it did not fully cover expenditure shortfalls. "It is crucial to the health service that these funds are found if health authorities are to cope with the current financial crisis and maintain and develop the services that the public have come to expect."

● *Health Service Trends, CIPFA, 3 Robert Street, London WC2N 6BH. £2.95.*

Warrant for arrest of financier issued

By Raymond Hughes, Law Courts Correspondent

INFORMATION suggesting that Mr Jim Raper, the financier, was in England led to the issue of a warrant for his arrest by a High Court judge yesterday.

Police, airports and seaports were alerted to try to detain Mr Raper, who, the court was told, was intending to fly to Switzerland yesterday morning.

By the end of the afternoon Mr Raper, whose precise whereabouts had been something of a mystery for some time, had not been found and there was some doubt about whether he was, in fact, in England.

The arrest was ordered by the judge hearing applications by the liquidators of Savings & Investment Bank, an Isle of Man bank, for Mr Raper and Mr Douglas Allen, a business associate, to be jailed and their assets seized for their alleged contempt of court.

On Monday, when the case began, lawyers for the two men refused to say if either was in the UK or would attend the court.

On Tuesday evening, the liquidators' lawyers were told that Mr Raper was in England and intended to fly out to Switzerland next morning.

They contacted the judge, Sir Nicolas Browne-Wilkinson, the Vice-Chancellor – the senior judge of the High Court Chancery Division – at his home and were granted an emergency injunction restraining Mr Raper from leaving the jurisdiction. The injunction was not served on Mr Raper because he could not be found.

Yesterday morning, Sir Nicolas signed a bench warrant for Mr Raper to be arrested and brought before the court, saying that it was the only effective way to stop him leaving the country pending a decision as to whether he was in contempt.

The judge said Mr Raper's address was unknown to the court and he had spent a substantial time outside the UK.

Sir Nicolas, who stressed that the alleged contempt had not yet been proved, said it would be right to keep Mr Raper in the country so that, if contempt were proved, punishment could be properly meted out.

The liquidators' lawyers later refused to say who had told them that Mr Raper was in England.

Solicitors acting for Mr Raper declined to say if they knew whether he was, or had been, in England. Nor would they say how they were getting instructions from him.

The bench warrant will remain in existence and if Mr Raper enters the UK he will be arrested under it.

Mr Raper and Mr Allen are alleged to have committed contempt of court hy aiding and abetting the transfer abroad of £2.6m of the assets of Saint Piran, a company associated with Mr Raper, and its subsidiaries.

The transfers hreached Saint Piran'a undertaking to the High Court in 1984 not to reduce its own and its snbsidiaries' UK assets below £7m.

The hearing continues today.

Gold and foreign currency reserves down by $25m

By Simon Holberton

BRITAIN'S underlying reserves of foreign currencies and gold fell by $25m (£14m) in February, the Treasury said yesterday.

Underlying reserves, which are calculated net of official borrowings and repayments, give an indication of the Bank of England's efforts to manage the exchange rate.

Underlying reserves rose hy $38m in January. It would appear, therefore, that the Bank has been largely absent from the foreign exchange markets in the past two months.

During February, the Bank's trade weighted sterling index rose from 74.2 to 74.7.

Official borrowing totallsd $29m during the month and repayments came to $170m, leading to a fall in overall reserves of $166m to $42.93bn. Last February Britain's foreign currency and gold reserves were $22.26bn.

Bank cuts 40 more City jobs

By Stephen Fidler

MANUFACTURERS Hanover, the New York commercial bank, has dismissed 40 people from its London offices.

The bank said the job losses were expected to account for most of London share of a programme of 2,500 redundancies it announced in December for worldwide operations. The bank's payroll in London will be reduced by 3.3 per cent to 1,170, excluding temporary staff.

About half of the cuts will affect the bank's London branch and a third its investment bank operations, but these will not lead to the bank withdrawing from any businesses.

Since last June, more than 2,500 jobs has been shed by City finance houses.

Scottish power boards to be sold

BY JAMES BUXTON IN EDINBURGH

THE GOVERNMENT is to sell off Scotland's two electricity boards as independent, vertically-integrated units which will be in competition with each other. They will, however, jointly own the South of Scotland Electricity Board's substantial nuclear capacity.

To ensure that the North of Scotland Hydro-Electric board is operationally and financially viable despite being smaller than the SSEB, there will be a "modest" exchange of conventional generating plants between the two.

The Government's decision, announced to the House of Commons yesterday by Mr Malcolm Rifkind, the Scottish Secretary, disappointed the SSEB, which lobbied hard for the creation of a single holding company which would control both the SSEB and the North of Scotland Hydro-Electric Board.

Instead it has supported the view of the NSHEB, which argued that its special role of serving customers in remote areas would be endangered under a monolithic structure.

A White Paper (policy document) published yesterday, six days after the Government unveiled its plans for privatising electricity in England and Wales, rejects the idea of privatising the Scottish electricity industry as a monopoly.

It wants to abandon the existing joint agreement on generation and share of the cost of new power plants.

Mr Rifkind: preserving competition

Mr Dewar: still a monopoly

Instead, it says, there should be yardstick competition under which the performance of the new companies can be compared against each other. They would be encouraged to compete to supply large industrial users.

Both companies should also compete to supply electricity to England and Wales. While England and Wales will soon have a requirement for extra power, Scotland will shortly have a theoretical surplus capacity of about 4,000MW.

Mr Rifkind said later that some 1,700MW to 2,000MW of Scotland's power surplus could be exported south of the border if the connecting transmission lines were expanded from their present capacity of about 700MW.

To ensure that both companies were viable in both financial terms and as secure and reliable sources of supply, the boards would discuss with the Government a "modest" reallocation of generating assets to give each a reasonable balance of types of generating capacity.

In the Commons, Mr Rifkind said that the reallocation could "possibly" include customers, implying a redrawing of the boundaries between the two boards. Neither company should have a built-in competitive advantage.

He said he wanted both companies to share the benefits and costs of the SSEB's nuclear assets since "all of Scotland's electricity customers have contributed to the creation of these assets."

Mr Donald Miller, chairman of the SSEB, last night repeated his warning that the cost of Scottish electricity would rise by £50m to £80m – equivalent to a 5 per cent rise in charges – because the new structure would be inefficient.

Tom Lynch writes: In the Commons, Mr Rifkind's argument that "competition by comparison" would help safeguard consumer interests was greeted with derisive laughter from the Labour party members of parliament present.

Mr Donald Dewar, Labour's Scotland spokesman asked whether the Government believed that creating two companies made the electricity monopoly disappear. "A monopoly is a monopoly and competition by comparison is a nonsense."

He also voiced concern over whether there would be provisions to protect the two companies from foreign predators and asked whether they would be restructured financially by having large sums of debt written off by the taxpayer.

New centre-ground party set for launch today

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE SOCIAL and Liberal Democrats, the party intended to revitalise the centre-ground of British politics, will be launched today following a majority vote by Liberals and Social Democrats in favour of a merger.

The decision, announced yesterday, ends 110 years of independence for the Liberal Party and also signals the dismantling of the Social Democratic Party, which was formed in 1981 to break the Conservative/Labour two-party system.

Slightly more than half the membership of both parties voted, and although Liberals gave a 7-1 backing for the new party, SDP members endorsed the plan by a less enthusiastic 2-1 majority.

With 90,000 Liberals entitled to vote, 46,376 backed the merger while 6,365 were against.

Out of a registered SDP membership of just over 52,000, there were 18,722 votes in favour of the new party. A total of 9,929 voted against a merger and over 23,000 did not take part in the ballot.

The SDP "no" vote, combined with high number not participating in the ballot, led to immediate claims hy Dr David Owen, the former SDP leader – who had urged members not to vote – that his supporters now outnumbered those within the party who were backing the merger.

Dr Owen said last night that the "merger fiasco" had led to less than one third of the SDP membership registered last July – when the merger process began – voting to create the SLD.

The results were warmly received, however, in the Liberal and SDP camps. Suggestions that the relatively low ballot turnout reflected either disenchantment with plans for the new party or strong grassroots support for Dr Owen were denied.

The view was that, with the merger obviously going ahead, many members had simply decided not to vote.

Mr David Steel, the Liberal leader, said he was heartened by the results, which had given overwhelming support to the merger plan. "The 'antis' were in a surprisingly small minority and those who did not trouble to vote are much more likely to have wished the parties to press on with the conference decision to merge than to wish to oppose it".

Rising shortage of skilled staff cuts industry output

BY CHARLES LEADBEATER, LABOUR CORRESPONDENT

THE NUMBER of manufacturers whose output is likely to be limited by skills shortages rose to 34 per cent in 1986-87, up from 19 per cent the year before, according to a survey published yesterday by the Confederation of British Industry and the Manpower Services Commission.

The survey of 1,225 companies, conducted in November last year, found that skill shortages had curtailed output at 37 per cent of companies in the preceding four months.

The CBI said that while the number of companies expecting output to be curtailed in the subsequent four months had worsened markedly since November 1985-86, the number affected was still well below the levels of more than 40 per cent in the 1970s.

About 43 per cent of companies said their capital spending over the next 12 months was likely to be limited by skill shortages. Of these, 67 per cent mentioned shortages of skilled mannal workers, 41 per cent scientists and engineers and 38 per cent foremen and supervisors.

The most significant shortages overall were among professional engineers, mentioned hy 14 per cent of companies, computer and managerial staff 6 per cent, and technicians 5 per cent.

Large companies were worst affected by managerial shortages, with 60 per cent describing the effect on output as severe. More than 80 per cent were responding to this shortfall with more intensive recruitment, and 69 per cent by retraining existing staff.

Smaller companies were much more likely to be affected by skill shortages: 47 per cent of companies employing less than 200 expected output over the next four months to be curtailed, compared with 21 per cent with more than 5,000 employees.

The sectors most affected by shortages were electrical and instrument engineering, 55 per cent of companies, motor vehicles and transport manufacturers 38 per cent, mechanical engineering 50 per cent, textiles 51 per cent and printing 43 per cent.

The region most affected by skills shortages was the East Midlands with output likely to be limited at 47 per cent of companies, followed by the south-east with 42 per cent, double last year's level, the West Midlands 37 per cent and East Anglia with 35 per cent.

Motor industry astonished at sell-off plans

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT, IN GENEVA

THE INTERNATIONAL motor industry, gathered for the Geneva Motor Show, has reacted with astonishment and scepticism at British government plans to sell the state-owned Rover Group to British Aerospace.

Behind the surprise, however, there is a clear acceptance that the move represents a political rather than an industrial solution and that Austin Rover will continue to be dependent for its survival on far-reaching collaboration with another major international carmaker.

A sale to BAe is seen as the least disruptive way of privatising the Rover Group in the short term. It would not endanger the collaboration with Honda of Japan and it would avoid the painful rationalisation of the UK's car manufacturing base that would be an inevitable consequence of any merger with the other main UK based car producers, Ford or Vauxhall, General Motors UK subsidiary.

While GM executives in Europe insisted yesterday in Geneva that they have had no interest in taking over Austin Rover – as against Land Rover, Rover Group's producer of four wheel drive on and off road vehicles – Ford has not shown such indifference and would remain a potential buyer should the BAe negotiations fail. Ford held talks two years ago with the then BL group for the takeover of the Austin Rover car operations but was blocked by the UK Government.

Its negotiations followed General Motors' fruitless negotiations for takeover of Land Rover and the Leyland truck operations, which both failed in the highly charged political atmosphere created by the Westland affair.

Ford of Europe made clear this week that the privatisation of Austin Rover remained an important issue on its agenda.

Mr Carl Hahn, chairman of Volkswagen's management board, yesterday denied persistent rumours circulating in Geneva that the West German group had recently held discussions with Rover Group on a possible takeover of Austin Rover.

Motor industry leaders still regard a takeover of Austin Rover by one of the major international carmakers as the most logical industrial solution.

Separately, Land Rover remains an attractive asset for several of the big automotive and other engineering groups.

WEST EUROPEAN CAR SALES

Manufacturer	Market share (%) 1987	1986	% change 1986-87 (volume)
Volkswagen group(VW, Audi, Seat)	15.0	14.7	+7.8
Fiat Group (Fiat, Alfa Romeo, Lancia, Ferrari)	14.2	14.0	+7.6
Peugeot group (Peugeot, Citroen, Talbot)	12.1	11.4	+12.9
Ford	12.0	11.7	+8.3
GM (Opel, Vauxhall, Isuzu)	10.7	11.0	+3.3
Renault	10.6	10.6	+5.6
Daimler-Benz (Mercedes)	3.5	3.7	-0.1
Rover Group (Austin Rover, Range Rover)	3.4	3.5	+1.5
Nissan	2.9	3.0	+3.4
Toyota	2.8	2.9	+2.7
BMW	2.4	2.6	-1.3
Volvo	2.2	2.3	-0.5
Mazda	1.9	2.0	-2.3
Mitsubishi	1.2	1.2	+6.6
Honda	1.0	1.2	-6.5
Total Japanese (inc. European-made)	11.3	11.6	+2.5
TOTAL SALES (number)	12.37m	11.67m	+6.0

Source: industry estimates

City doubts industrial logic of merger plan

By Michael Smith

CONSIDERABLE doubts about the industrial logic of a BAe-Rover Group merger remain among City analysts, but BAe watchers are encouraged by the company's belief that it can negotiate a good price for Rover and by its emphasis on strengthening ties with Honda.

Mr Michael Blogg, engineering analyst at broker James Capel, said that a deal at the right price could be good for BAe's earnings per share.

Rover is not followed closely by many analysts because 99 per cent of its shares are owned by the Government. However, Mr Blogg said that Capel had looked at the company recently and expected its growth to continue.

Mr Colin Fell, analyst at Citicorp-Scrimgeour Vickers, is concerned about the vulnerability of Rover to a downturn. "A deal could be good financially in the short term and it would give BAe the critical mass which it says it needs. But it also adds a business with enormous risk. I would prefer it if BAe did not do it."

Mr Piers Whitehead, analyst at Flemings Research, said he was impressed with BAe's determination to strike a hard bargain with the Government and believed the company could benefit in the Far East from a link with Honda. However, the argument for synergy between Rover and BAe was weak.

Most institutional shareholders in BAe said they were reserving judgment until more details emerged. "The announcement caught us by surprise," said Mr James Skillingford, investment manager at M & G, the unit trusts group. "Presumably they have a rationale for it."

Other investors were less polite about the merger talks. "We thought it was a spoof when we first heard about it because it sounded so crazy," said one pension fund manager who controls a large stake in BAe. "It would make more sense for BAe itself to be taken over rather than to do a deal with Rover."

Small acorns: Rover's first car, the 8HP of 1904 (top left), was grandfather to the Land Rover Ninety V8 (bottome left) which came on the market in 1985, the year that Concorde a BAe/French joint venture, flew from London to Sydney in a fraction over 17 hours, a feat unimagined by Thomas Sopwith and Harry Hawker with BAe's original winged machine the Australian "Tabloid".

Rover acquisition 'not the end of the road'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE PROPOSED acquisition of Rover Group by British Aerospace is designed as much to diversify BAe's own product base and eventually add to its profitability, as to benefit from any cross-fertilisation of engineering expertise.

This was stressed yesterday by Professor Roland Smith, chairman, and Sir Raymond Lygo, chief executive of BAe. They also made clear that the bid for Rover "was not the end of the road." BAe was continuing to study other possible acquisitions in its diversification programme, but was not likely to act until it had settled the Rover situation.

The long-term aim in taking over Rover, along with the other non-aerospace activities into which BAe has moved over the past two years, including the UK Royal Ordnance Factories and Ballast Nedam, the Dutch construction company, is to "improve the bottom line on the BAe balance sheet."

This does not mean that BAe is progressively abandoning aerospace – aircraft, missiles and space – activities. BAe stresses that even with the acquisition of Rover, aerospace would continue to account for 60 per cent of its activities.

But the move is, in BAe's view, a logical extension of its diversification programme of recent years, designed to reduce its heavy reliance on the increasingly high-cost and fiercely competitive civil and military aerospace markets.

Prof Smith stressed yesterday that BAe needed "a portfolio of activities in the forefront of technology," but this needed also to be a balanced portfolio, with some mature and profitable industries, both domestic and international, and some that were perhaps not yet as profitable but promised to become so.

The Rover group could contribute to this situation, provided that BAe could acquire it unencumbered with debt. "We will take a very tough approach," Prof Smith said.

However, he stressed that BAe would not behave as an asset-stripper. Rover would remain a wholly-owned subsidiary of BAe, maintaining its current product line and its existing management, especially with Mr Graham Day, the Rover chairman, remaining in that post, probably also with a seat on the BAe board.

Sir Raymond said of suggestions that Mr Day might eventually succeed him as chief executive: "The matter has not been discussed."

Both Prof Smith and Sir Raymond stressed that although the idea of taking over Rover had matured comparatively recently – "within the last week or so" – BAe had been looking at it for some considerable time.

BAe's interest had been aroused over two years ago, when the Government was considering a new basic trainer for the RAF, with the choice between the Swiss-built Pilatus PC-9 and the Brazilian Tucano.

At that time, the Swiss had also been showing separate interest in buying Land Rovers for the Swiss Army, and the possibility of a reciprocal deal was mooted – Land Rovers for Pilatus trainers.

In the event, the UK Government opted for the Brazilian Tucano and the Pilatus deal fell through. But BAe had subsequently maintained a close watch on the progress of Rover, studying its engineering and financial performance in case it might eventually prove of more significant interest.

It was only when the Government some time ago made it clear that it was interested in privatising Rover that BAe's own interest quickened, but the decision to approach the Government was very recent.

From now on the pace of discussions will quicken, with meetings between the financial and technical senior management of both groups to work out all the details of the takeover offer, which has to be put to the Government by the end of April.

Rover's own accounts for the past financial year are expected to be issued on March 10, and BAe's own accounts for 1987 are expected around end-March.

Sir Raymond stressed yesterday that although the primary aim was to strengthen BAe's own engineering and product base, the deal would not be a one-way street.

At the same time, BAe had much to offer Rover, especially in such fields as advanced materials, aerodynamics and other aviation-related techniques which could have applications in the vehicle manufacturing industry.

Sir Raymond also stressed that BAe was becoming increasingly concerned, as a privatised company, about the government condition that no more than 15 per cent of its shares should be held by foreign nationals.

Government may have to write off £2.98bn

By John Griffiths in London and William Dawkins in Brussels

IF BAe were obliged to pay the UK Government Tuesday's closing market price for its 5,511,683,376 shares in Rover Group, it would need to hand over a cheque for more than £4.5bn.

Instead, it is almost certain that the Government will have to write off all or most of the £2.98bn taxpayers' cash for which its 99.8 per cent stake has been accumulated over the past 12 years, if the takeover by the aerospace company is to go ahead.

BAe will press hard, too, for the Government to write off heavy borrowings, the precise extent of which will not be known until the 1987 results are published next week.

The uncertainty arises because of a restructuring last year which saw the Government pump £680m in to Rover, partly to allow the merger of Leyland Trucks into a new company with Daf Trucks of the Netherlands. Some of these funds also "substantially reduced" Rover's £962m net borrowings listed in its 1986 accounts but Rover has yet to disclose by how much.

Professor Roland Smith, BAe chairman, has made clear that BAe intends to "drive a hard bargain", although so keen is the Government to get the Rover Group privatisation saga over with that he may not have to drive too hard.

However the final say on whether the deal does go ahead will depend not on Rover Group, BAe's shareholders or even the Government itself but on the European Commission.

Brussels will be watching the progress of negotiations closely, from the viewpoint of fair European competition.

Mr Peter Sutherland, European Commissioner for competition policy, insisted yesterday that it would be premature for him to make any comment on the potential takeover.

However when, rather than if, BAe insists on substantial debt write-offs, the UK Government will have to get the commission's permission before it can comply with such a request.

The commission has always considered that such debt write-offs amount to direct state aid, likely to give the beneficiaries unfair advantages over unsubsidised competitors.

That does not mean Brussels always refuses such aid. Far from it.

In the case of the Leyland-Daf merger, it allowed the UK Government to write off Leyland's debts on the grounds that the deal helped rationalise a truck industry burdened with heavy overcapacity throughout Europe.

However, what a BAe-Rover deal patently would not do is contribute to a further rationalisation of the West European car industry.

Overcapacity in this sector is estimated to be only about half that of the commercial vehicles level of around 20 per cent.

However, the addition of 200,000 units a year in new capacity by Nissan in the UK, the prospect of other Japanese "transplants" following and the possibility of an export surge from across the Atlantic as the result of the cheaper dollar has left EC officials with no sense of complacency about the pressures facing Western Europe's car industry.

Yet one of the main reasons given by Mr Graham Day, Rover Group's chairman, for welcoming a takeover from such a source was that, theoretically at least, it would leave all Austin Rover's manufacturing operations intact.

Were Austin Rover to be sold to a rival car company, he was keen to point out, rationalisation in some form or another would have been certain.

It would be ironic indeed if the main factor inspiring Mr Day's enthusiasm for the "British solution" offered by BAe was the very one to scupper it in Brussels.

The commission is already investigating two similar cases, involving Italian government debt write-offs for Alfa Romeo during its takeover by Fiat, and a French decision to write off Renault's debts as a first step to removing its government-protected status.

The main EC rules governing state assistance are Articles 92 and 93 of the Treaty of Rome.

These outlaw any kind of industrial subsidy, unless – among other exemptions – it is in the common European interest, helps areas where living standards are abnormally low or has a "social character."

They also allow Brussels to force companies to repay illicit aid, failing which the commission can take the member state involved to the European Court of Justice.

In the case of Leyland's merger with Daf, the Government said at the start of negotiations that it was prepared to put in "up to £750m" cash to allow the merger to go ahead. The final sum was £680m and the reduction was seen as the result of European Commission disapproval of the proferred aid.

Yesterday, however, Rover Group insisted that the reduction was simply due to commercial considerations.

Honda link born out of desperation

By Kevin Done

AUSTIN ROVER'S collaboration with Honda began in 1979 during a desperate search by the financially troubled British group to find a way of renewing its ageing model range.

At the time, the group was not in a position to shoulder the costs of developing a programme of new models.

Honda awarded Austin Rover a licence to produce its four-door Honda Civic model, renamed the Triumph Acclaim in the UK.

This car was phased out in Japan in 1983. The following year, Austin Rover replaced the Acclaim with its Rover 200 series, again modelled on a Honda. The Ballade was built under licence, but with modifications to the Honda design such as a new suspension.

On the back of this agreement, Austin Rover began to build the Honda Ballade in small volumes for the Japanese group in the UK to Honda's specifications. Austin Rover produced 3,000 Ballades last year for sale by Honda in the UK.

The Honda-Austin Rover relationship has deepened in the late 1980s with two 50-50 development projects.

The first car jointly developed was the Rover 800/Honda Legend, Austin Rover's top of the range executive car, which it has also sold in the US since last year as the Sterling.

Last year it produced 2,000 Honda Legend models for the Japanese group, half for the UK and half for the Continental European market.

Honda's competitors in Europe said in Geneva yesterday that there was still a marked difference in the quality of the Honda Legends produced in Japan and those produced by Austin Rover in the UK, particularly in the quality of the electrical components.

Honda has established expensive preparation and re-delivery inspection facilities at a large site near Swindon. However, Mr Osamu Iida, Honda main board director responsible for the Japanese group's European operations, insisted yesterday that "the gap is getting reduced. We are quite satisfied. We have several teams of engineers working together with Austin Rover."

Last year Honda sold some 24,000 cars in the UK. Of those, 4,000 were Ballades and Legends produced by Austin Rover.

Honda sales in Europe totalled some 143,000 cars last year, said Mr Iida.

Honda was aiming for sales of at least 150,000 units in Europe this year before its sales are boosted in 1989 with the launch of the Concerto, the next joint development project.

Two companies with uncomfortable stance in common

John Griffiths on the international standing of a British motor manufacturer

IF ROVER Group finishes up in BAe's hangar, the aerospace group will have gained control of two companies with not much in common other than a rather uncomfortable position. Austin Rover and Land Rover have both been left partially stranded by the fast-flowing tide of the international motor industry.

Austin Rover produced 467,596 vehicles last year. That put it almost on a par with BMW of West Germany, but only in numbers. Mr Graham Day, Rover Group chairman, aspires to the BMW image for Austin Rover, but has a long way to go.

Only a quarter of the company's output was in the executive class and included such models as the Rover 800/Sterling and the lavishly equipped Montegos. Bulk production was of Metro and Maestro hatchbacks and fleet-orientated versions of the Montego. Sitting uneasily between was the Japanese-based Rover 200, which Honda sells as the Ballade.

To make the comparison with BMW even more wistful, Austin Rover's output figures include light vans based on its car designs.

The days when Austin Rover, formerly BL, could stand eyeball to eyeball with European volume producers – BL sold 1.27m vehicles of all types in 1973 – are long gone.

As a result, it lives in a limbo world. Build quality and reliability have been patchy for years, and the jury is still out on its latest executive car venture, the joint development of the Rover 800/Honda Legend with its Japanese partner.

At the same time, it cannot enjoy the scale advantages of rivals such as Fiat and Renault in the volume producers' world of tight margins and cut-throat sales battles.

Were it not for the introduction of flexible manufacturing technology – no less the saviour of Jaguar as well – the game would long since have been up for the debt-laden cars group.

That Mr Graham Day, Rover Group's chairman, will be able to announce an operating profit on March 10 for the first time since 1983 is an achievement of greater merit than it might appear. The wafer-thin £4.1m profit of 1983 was entirely due to the revival of Jaguar before it went bounding off into the private sector.

Profitability has been achieved by a number of measures. These include increased efficiency, a lowering of fixed costs and a firmer approach to the prior philosophy of sales at any price in order to preserve market share.

Thus the profit will have been achieved on a UK market share in 1987 of 14.74 per cent, down sharply on the previous year's 15.58, although the improved exports picture has helped matters.

Much will depend on the next models in its programme: the hatchback version of the Rover 800 to be launched shortly and the next joint development car with Honda, codenamed R8 by Austin Rover and to be called Concerto by Honda.

Land Rover, the vehicle, was once thought of and marketed as the "workhorse of the world." Though offered in differing wheelbases, the current vehicle is the instantly recognisable descendant of the first Land Rover launched exactly 40 years ago.

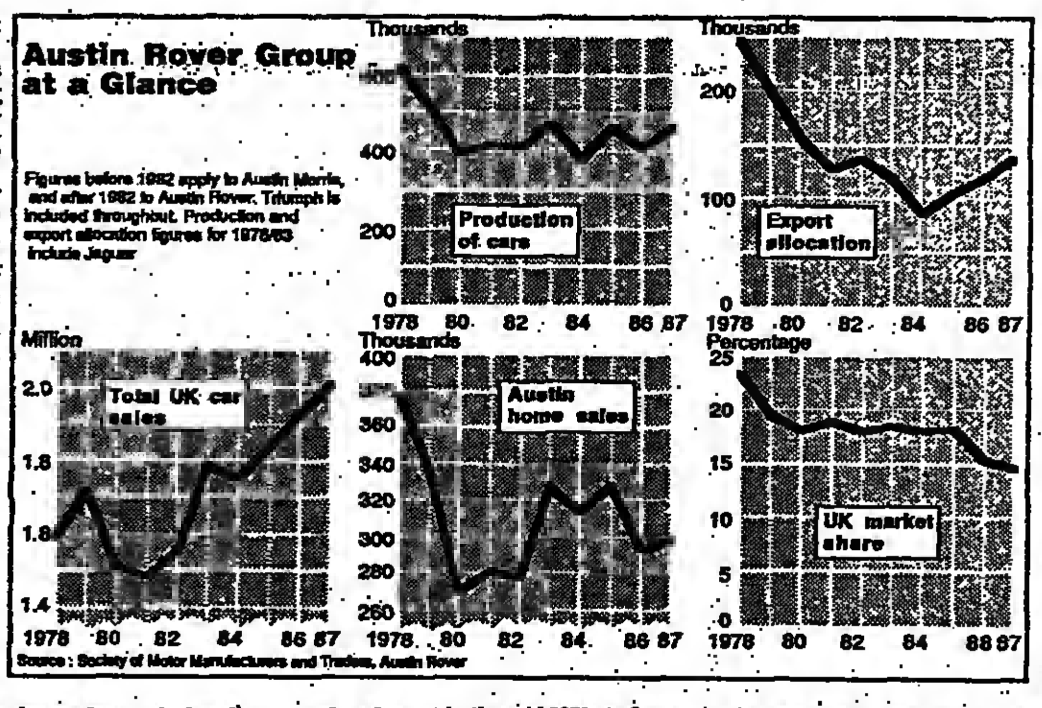
Unfortunately, while military sales are described by the Land Rover company as "healthy" – it gives no numbers – Japanese manufacturers have flooded and fragmented the civilian market with rival vehicles of all shapes and sizes.

As a consequence, Land Rover sales have plunged from a peak of 60,000 in the mid-1970s to fewer than 20,000 last year.

The company, still only marginally profitable, would have been in trouble if it had not found a good reception for its luxury Range Rover model. Sales jumped to 20,505 last year from 14,800, helped by its debut in the US, where first-year sales are on the 3,000 target.

This allowed Land Rover to make an operating profit of £7.9m in the first half of last year on a turnover of £448m. Prior to that, however, it had been doing little better than bump along at break-even.

However, the Range Rover itself will be 20 years old in 1990. Meanwhile, Nissan, Toyota and Mitsubishi have all made it a prime target for luxury version of their own four-wheel-drive vehicles, and Land Rover will have no chance to rest on its laurels.



Source: Society of Motor Manufacturers and Traders, Austin Rover

MAIN AUSTIN ROVER PRODUCT PLANS

Rover 800 hatchback, launch mid-1988.

Rover R8, replaces Maestro and Rover 200 in 1989, joint project with Honda to cost estimated £250m. Production at Longbridge. Austin Rover will build a version for Honda – which Honda will call Concerto. Cars will use Honda engines and a new Austin Rover unit, the K-Series engine of 1-1.4 litres, estimated development cost £150m, to be produced at Longbridge.

R6, understood to be scheduled for launch in 1990-91, replacing Metro but using Metro's floorpan. To be powered entirely by K-Series. Introduction of R6 will herald the demise of the Mini.

Professor who found himself in the right place at the right time

Barry Riley discovers divided opinions over Roland Smith

PROFESSOR Roland Smith first appeared in the British Aerospace boardroom in February last year, an appointment which, according to the previous chairman, Sir Austin Pearce, was not made with a view to the succession.

But Prof Smith certainly arrived in the right place at the right time. In May his selection as the next chairman was announced, and he took up the post in September. A bare five months later he has announced the astonishing plan to take over the Rover Group.

Sir Austin Pearce had come across Prof Smith in 1964, when Sir Austin was running Esso (UK) and Prof Smith was a management consultant for Tyzacks, brought in to advise on improving the Esso fleet's productivity.

"I remember his energy, his breadth of view and his knowledge," said Sir Austin last May. "He always had a very incisive sort of mind and was very down to earth." Others, however, have suggested, less kindly, that Mr Smith is better at self-promotion than at management.

Over the years a whole string of other chairmanships, directorships and consultancies have contributed lucrative fees to his own company, Roland Smith & Associates.

Besides his BAe post, he is at present chairman of Hepworth Ceramic, the building products group, of Senior Engineering, and of Readicut International, the textiles group.

Prof Smith balances this industrial spread with some City interests, being chairman of Temple Bar, a listed investment trust, and president of Equitable Life, a long-established mutual life assurance company.

Prof Smith also devotes at least a small part of his working week to the University of Manchester Institute of Science and Technology, where he holds the Carrington Viyella chair of marketing.

But what has Roland Smith actually achieved for the companies whose boardrooms he has so assiduously patronised? The message is none too clear, and he was certainly accident-prone in his early days.

Profits stagnated for years after he took the chair at Senior Engineering in 1973, and it was a similar story at Barrow Hepburn, where Prof Smith became chairman in 1974. After 12 years, including a major upset when "serious irregularities" were discovered at the group's Glasgow operation, profits before tax had fallen from £2.6m to £2.2m. The company was eventually taken over by BTP last March.

A German acquisition that went wrong blighted his reign at Midland Aluminium, and after a £303,000 loss in 1975 the company was taken over by Tube Investments.

A rare appearance in a company doctor role at Moben in 1980 as deputy chairman did not emphasise his curative powers. The troubled kitchen furniture company lurched from one crisis to another before being bought by the Hawley Group in 1984.

In the past few years, however, the professor's touch seems to have distinctly improved. Pre-tax profits at Senior Engineering could well have bounced up to £10m for 1987, and at Readicut International, where he became chairman in 1984, the pre-tax total has soared from £5.6m to a likely £14m-plus in two years.

Moreover, the British Aerospace appointment highlighted Mr Smith's ability to move up a league from the humdrum industrial companies where he earned his spurs.

His decisive stepping stone was House of Fraser, the controversial stores group so relentlessly pursued by Mr Tiny Rowland, chief executive of Lonrho, over the past decade.

In early 1980 a discreet message went out to Fraser's merchant bankers, S.G.Warburg, from some of the big institutional investors, saying that they were unhappy about the leadership of Sir Hugh Fraser, the then chairman, in such testing circumstances.

In an effort to beef up the board, Warburg put forward a list of names as deputy chairman, and Roland Smith emerged at the top of the pile. Events soon took a dramatic turn when Sir Hugh deserted to the Lonrho camp at the beginning of 1981, and was sacked as House of Fraser chairman in favour of Prof Smith. That left Roland Smith to face the full fury of Tiny Rowland, and it is to his credit that he gave more or less as good as he got, and stood up to Lonrho's relentless guerrilla tactics.

Roland Smith: 'accident-prone in his early days'

It was during the next few years of trench warfare that Mr Smith became a high-profile business figure and revealed a talent for a quotable phrase like the memorable "we'll make the assets sweat."

Close observers have mixed views of his achievements. "He is a horse for a course," according to a Warburg man. "On the public relations side, and as a counterweight to Tiny, he did the shareholders very well." His management ability, however, was thought to be rather less evident.

Roland Smith has achieved his present eminence in the business community without any obvious initial advantages. The son of a Manchester police sergeant he was educated at provincial universities, and started his climb up the business ladder with a modest post at the Footwear Manufacturers' Federation.

While others dedicated themselves to narrow careers, Mr Smith instead spread his interests widely as a consultant. In his late fifties this has left him in a powerful position, because the demand for non-executive directors and chairmen is immense.

Introducing himself in British Aerospace News last September he highlighted his skills in the marketing and business development area. In that sense, he said, the future style of management would be different.

Even Mr Paul Spicer, an executive director of Lonrho, concedes that Prof Smith's boardroom style is effective. "He's quite good in the chair," he says, "a bit like Robin Day. But that's the beginning and end of his skill." Coming from the Lonrho camp, that amounts to a rare compliment.

MANAGEMENT: Marketing and Advertising

Coal

Keep the home fires burning

Christopher Parkes reports on a campaign to set an ageing commodity alight

IN LESS time than it took to interview and employ her, Anne Martin has fired an entire industrial sector with a new enthusiasm and given it an option on stability and growth where before the only — and inevitable — prospect seemed to be continued decline.

It took five months of interviews and committee meetings before British Coal's ponderous, exclusively male hierarchy decided that her long marketing experience with Mars and DHL, two fiercely aggressive operators, fitted her to head its Solid Fuel Advisory Service, the moribund and muddle-headed organisation charged with keeping the home fires burning.

Since she was taken on last November, she has researched, prepared and won approval for a mould-breaking scheme aimed at keeping the gas man at bay and reviving the fortunes of the open fire in British hearths.

It will take British Coal into new ventures including retailing, design and development of consumer products, and household services.

She has also drawn together an amalgam of interests as unlikely as it is diverse: a nationalised industry, chimney sweeps, iron founders, fuel processors, coal merchants, plumbers and retailers.

Despite the ambitions of her programme, she has a stark appreciation of the realities. Coal's role as the main source of domestic heating is in dramatic decline. "Coal-fired main heating is not realistically a growth market. Given a choice, customers prefer gas," she says in her proposals.

Last year, 6 per cent of households using coal switched to gas or electric central heating. In the process coal merchants lost more than 160,000 customers, and British Coal lost 600,000 tonnes in sales.

Martin's primary aim is to staunch the bleeding, and stabilise the market by 1993.

The main thrust of the containment campaign will be directed at local authorities which own 66 per cent of all British homes relying on solid fuel for their heating. On April 1 the SFAS will become directly involved with consumers for the first time through a trial contract maintenance and emergency call-out service employing local plumbers, electricians and solid fuel heating specialists for local authority tenants in South Wales.

The rationale is that the more the SFAS can ease the workload of hard-pressed local authorities, the less reason they will have to convert the heating systems in their houses to gas or electricity.

For private users, Martin has plumped for direct mail as a tool for promotion and much needed education.

"I'm amazed at how well everyone involved has accepted change, after years and years without change," Martin says. Even Britain's 4,500 coal merchants have joined in, and are prepared actively to sell and to deliver mailing shots with the coal. The National Association of Chimney Sweeps has also been brought in and its members will shortly be helped along with a subsidised advertising scheme to brush up their image.

Despite the goodwill, the task is far from easy. Her entire above-the-line advertising budget this year is £4m. British Gas spent more than that in 1987 simply advertising cookers.

However, she is not complaining, at least in public, since her strategy for winning over her employers has been to demonstrate what can be done using existing resources. This has sent her devilling into every department of British Coal and ancillary industries, talent spotting for technical, management and marketing expertise for a growing army of task forces.

Some of the fruits will shortly become apparent. The service has designed and had made a natty pine and marble DIY fireplace kit which will go on sale later this year for £300 — half the cost of a professional job. "It's so easy even I can do it," she claims.

Other new products ready for launch include the Coal Cube, a 15lb pack of two pre-packed smokeless fuel "fires," each offering three to four hours' burning time. The user simply plonks the boxed "fire" in the grate, puts a match to the carboard packing, and sits back to enjoy the blaze.

Martin's move into product development and direct contact with consumers within an organisation which was set up as a reactive, strictly advisory service, highlights the industry's lack of direction and structure.

Parkray is the only manufacturer which has a sales force dedicated to solid fuel appliances. "Because of its fragmentation, the industry needs some central impetus," Martin asserts.

New products and services are all well and good, but where to buy them? While garages, corner shops and do-it-yourself retailers generally sell convenient packs of fuel, there are only 350 shops which specialise in solid fuel appliances and services.

The SFAS currently holds the leases on just three. The rest are privately-owned, mostly husband and wife businesses. Even so, they have a consistent appearance, thanks to Real Fire shop fascias and point-of-sale display material provided free by SFAS.

Martin wants to see 250 more Real Fire fascias installed over the next 18 months. While she has commissioned retailing consultants Management Horizons to study the options, she is already pressing do-it-yourself multiples to give more display space to coal fires and heating systems.

She has also set British Coal technical staff to work on developing barbecue fuels. The aim is to persuade retailers to stock them in the summer in the hope that British Coal will be allowed to keep the display space in winter for selling grates, etc.

Other ambitions include the SFAS itself moving into retailing with shops-within-shops, and free-standing high street outlets to confront the gas and electricity utilities in their traditional stamping ground.

But retailing space is expensive and expertise will have to be bought in. For all the initial enthusiasm, British Coal, which provides 70 per cent of the SFAS budget, and the fuel makers and merchants which make up the balance may need some persuading to dig so deep.

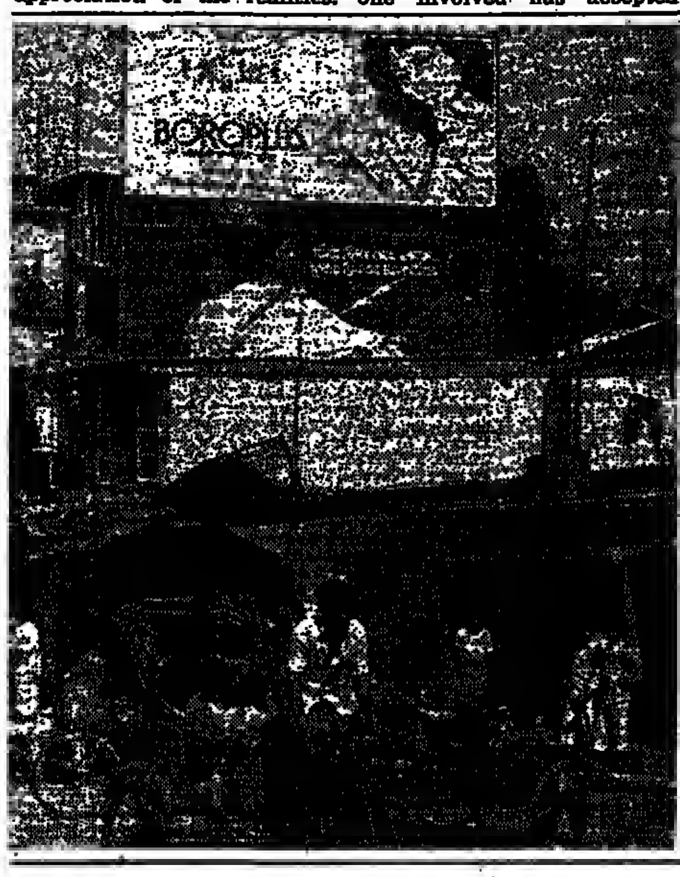
Squeezing some growth out of the market may help adjust attitudes.

Martin's sights are therefore firmly set on the 1m unused fireplaces scattered around the country, mainly in the homes of aspiring home makers, which are used for nothing more than displaying dried flowers.

From a stable base of about 1.8m homes with fireplaces used for supplementary heating, and using new products in new outlets with promotion courtesy of a forthcoming Saatchi and Saatchi advertising campaign, the target is to draw a further 300,000 families into the solid fuel-burning community by 1993.

"I have told everyone not to expect too much. But this is a £850m domestic market," Martin declares. "If we can stop the decline and contain it by the mid-1990s we will be in a worthwhile business."

Anne Martin: sights firmly set on the UK's 1m unused fireplaces



Heat, dust and healthy products

John Elliott on a boom in advertising and a wave of consumerism in India

"LOOK — a big advert for some gadget to 'Control Flies NOW'. Who in India a few years ago would have worried about buying something like that to kill flies — or thought of advertising it in The Times of India?" says Alique Padamsee, scanning the newspaper.

Padamsee, chief executive of Lintas, one of India's two largest advertising agencies, was choosing an off-beat but, for India, with all its heat, dust and insects, rather apt example of new public interest in health and hygiene, and consequently in branded and packaged goods. This has developed as a wave of consumerism has swept through the country, especially urban areas, during the past three years.

The result has been an advertising boom; newspapers, magazines, and slots on television are full of enticing pictures of scooters, synthetic fabrics, luggage, motor tyres and photocopiers.

Traditional Indian goods, usually bought off open bazaar stalls, have suddenly been hygienically packaged with advertisable brand names like Bolsts and Wits Pickles, Markfed Sona Basmati Rice and Brooke Bond Sona Pure Spices (sona means gold), as well as Paan Parag, the widely used red betel-nut — India's answer to chewing gum.

Other large advertisements display electronics equipment which is not officially available in India — partly to attract buyers for smuggled goods, but also to persuade people to ask their rich relatives living abroad to bring them presents.

The advertising industry, dominated by Bombay-based firms linked to international agencies, has mushroomed with this boom, growing at an average of at least 25 per cent a year for the last three years.

After decades of restrictions and shortages, it is catering for a surge of competition and consumer choice opened up by the economic liberalisation policies of the Prime Minister, Rajiv Gandhi, after he came to power at the end of 1984.

The consumer class is growing rapidly and constitutes an enormous potential market of up to 200m of India's 800m population, despite the fact that about 40 per cent of the total are below the poverty line.

Titoo Ahulwalia, who runs the MARG marketing research group of Bombay, estimates, for example, that there are 35m households buying toilet soaps and 90m households buying batteries. Soft drink producers estimate their total market at 180m-200m people.

Ahulwalia also estimates that total advertising expenditure in India, including rural promotions such as posters, started rising after 1979 when it totalled Rs1.13bn (£49.3m), reaching Rs4.1bn in 1984 and Rs7.66bn last year.

The industry expects its growth to continue, if not at previous rates, then at least at 15 per cent a year, despite India's current drought and economic problems and a slowdown in government reforms.

Padamsee's Lintas agency has grown by 47-48 per cent in each of the past two years and is now challenging Hindustan Thompson for the top place. The battle has been launched in flamboyant style by Padamsee, a part-time theatre director and actor who played the gaunt Mohammed Ali Jinnah, founder of Muslim Pakistan, in the film "Gandhi". He claims Lintas's Rs614m capitalised billings for 1987 makes it a bigger advertising business than Hindustan Thomson, which had Rs650m but includes market research and other activities.

Lintas of the US has a 40 per cent stake in the Indian company. Hindustan Thomson has close ties with J Walter Thomson which also had a financial stake, initially 100 per cent, then 40. But it sold out in 1973 after the government, as part of a general clampdown on international investment, decided that no agency with foreign equity could handle public sector advertising.

Lintas does its public sector business through a small 100 per cent Indian-owned agency called Karishma (the Sanskrit root of charisma).

As well as Lintas, two other agencies have foreign stakes, both 40 per cent: Ogilvy Benson Mather (OBM) in an Indian agency of the same name; and J Walter Thompson, which has 40 per cent in Contract/JWT following a joint Indo-US takeover of a smaller agency two years ago.

Other US and European agencies have affiliations including Saatchi & Saatchi with Everest; Young & Rubicam which in January linked with Rediffusion, and McCann Erickson which is with Tara Sinha Associates. Applications for fresh foreign equity stakes have been turned down since 1968, although Trikaya Advertising, a smaller agency, has put a 20-per cent equity application to the Government for Grey Advertising of the US.

While economic policies were the main catalyst for the industry's dramatic growth, there have been other factors. Television sets suddenly appeared in large numbers from 1982 when India hosted the Asian Games, and there are now over 12m sets, about 60 per cent of them in Bombay and Delhi. Advertisers sponsor programmes, even though television is strictly government-owned and controlled.

A boom in new magazines started around the same time, producing, for example, India Today, an influential current affairs fortnightly which has a circulation of 380,000 in its English edition and 240,000 in Hindi, plus a mass of specialist magazines on subjects such as business, films, cars and computers.

There has also been a surge, now declining slightly, of corporate advertising by companies seeking public support for new share issues, plus a lot of public sector work — 25 per cent of Hindustan Thompson's billings are public sector.

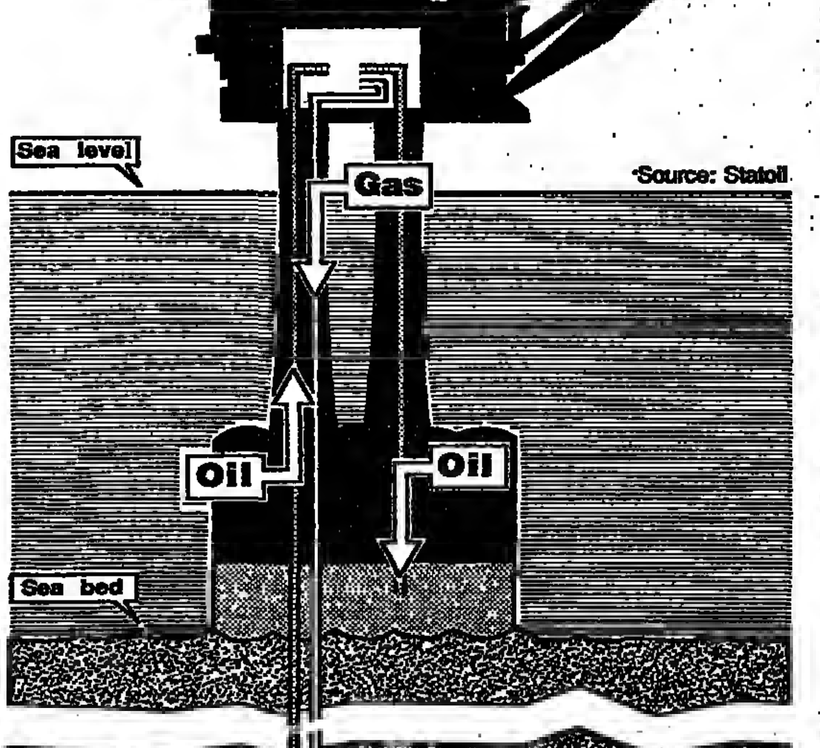
But the boom does not sit easily in a poor Hindu country with traditions of shortages and sacrifice. "The Hindu attitude to life does not encourage materialism and consumerism: we admire martyrs and sacrifice," says Mike Khanna, chief executive of Hindustan Thompson.

"People say advertising and consumerism creates envy, unrealisable expectations and social divisions. But on the other hand it can also stimulate ambition and encourage people to get a move on — and we need that."

TECHNOLOGY

Economic constraints are changing oil exploration techniques. Steven Butler reports

Jointly breaking the ice



Current technology recovers only 30 to 50 per cent of the oil in a reservoir. Scientists are experimenting with ways to increase the recovery rate

IN THE mind of a never-say-die independent oil explorer, the days when a hole in the back yard might produce a geyser of black gold may not be quite gone. But for anyone trying to make a business out of it, the economics of finding and producing crude oil has changed drastically.

Today, oil tends to come in small parcels and in parts of the world that can be extremely hostile: cold, remote or deep under water.

With crude prices languishing at unencouraging levels since the price collapse of 1986, there is now a premium on getting the search for oil right from the start. So technology has become much more important.

"More problems occur in the production side we have today that require organised research to tackle," says Kenneth Keep, a physicist who directs research at BP Exploration.

A recently-announced £2.1m joint research programme between BP and Statoil, the Norwegian state oil company, provides an insight into the way the industry is moving. The two companies decided to pool their resources in order to save on costs. Some of the research could result in proprietary technology, but for the oil companies, the availability of new technology to find and produce oil is more important than any potential benefits from exploiting it on a proprietary basis.

Much of the money will end up in universities and research institutes that have expertise in relatively esoteric fields of science, outside the mainstream business of the oil companies.

"We didn't want to overload ourselves with research scientists," says Keep. That has meant signing contracts with institutions that do have a staff of scientists capable of carrying out this sort of work.

Both Statoil and BP are preparing for what some believe could be the next important area for oil field development, the sub-arctic waters north of Norway, including the Barents Sea.

Should production eventually begin, platforms would have to be designed that could cope with the region's main hazard — ice. Ocean spray freezing on a stationary platform could add enough weight to buckle its steel legs.

The ice would have to be melted off. To prepare for that, BP has attached devices to measure ice formation on a semi-submersible drilling rig that Statoil operates in the Barents Sea.

Data from the rig will be analysed by scientists at the University of East Anglia, in the UK, and Sintef of Trondheim, in Norway, where computer models have been developed to calculate rates of ice accretion. The eventual aim is to design a system that can counteract the formation of ice.

Similarly, BP is negotiating with a university which would analyse a 12-year run of satellite images of the Barents Sea, so that an accurate picture could be developed of seasonal changes in icebergs and sheets of ice on the sea surface.

BP has some experience of these problems from its work in waters north of Canada and Alaska. Ice flows there occasionally have to be driven off with water jets or lassoed by a trawler and towed away. But if a billion-dollar platform is to be built in these sorts of waters, something more sophisticated will have to be devised.

Other technologies in the programme are aimed at getting more out of areas where BP and Statoil are already active. The normal recovery rate at present is only about 30 to 50 per cent of the oil in a reservoir.

Oil in untapped underground reservoirs tends to be under pressure and flows naturally to the surface when a well is opened. But that only accounts for a small part of the available oil. It is common to start injecting water fairly early on to maintain the pressure.

Sophisticated computer models have been developed to simulate oil reservoirs for the giant Forties field in the North Sea. These allow scientists to experiment with the best way to drill wells in order to maximise recovery.

How fluids pass through the sand and rock formations that hold the oil is still poorly understood. BP and Statoil would like to develop a better picture by tapping a technology used for medical diagnosis — nuclear magnetic resonance (NMR). The hope is that NMR will yield a better picture of how molecules bond to rock surfaces than the X-ray technology now in use.

Chemists at the Rogaland Research Institute and Winfrith Petroleum Technology will be employed to attack a related problem — how to prevent water injected into a reservoir from forming a channel and coming straight out of the well, instead of forcing out the oil.

Polymers are being developed that, when injected into wells, become viscous and prevent the water from flowing down its natural path. This diverts the water into rock containing the oil and so forces out more oil. But the polymers must be able to work at temperatures of about 100 degrees celsius, sometimes higher, and under pressure of three to four thousand pounds per square inch.

If the problems can be solved, a huge return could be delivered.

"If we can raise from 40 to 45 per cent the recovery rate on a field like Forties, it is almost tantamount to finding another oil field," says Keep.

BP's exploration research budget has risen steadily over the past decade to about £50m last year. While most of that is spent at the company's Sunbury Research Centre, near London, last year £19m was spent outside the company and the proportion is continuing to rise.

Some of those efforts have already borne fruit. BP supported the development by the Weir Group, a UK engineering concern, of a pump which pushes along the mixture of oil, gas and water that comes out of the wells. This means that the heavy equipment normally used to separate the three need not be installed on satellite fields. The mixture is instead sent along to a central processing platform from a satellite platform.

The next step would be to sit the pump on the seabed, eliminating the need for a platform. Potential savings would be considerable, but this technology still belongs to the oil field of the future.

SUPERCONDUCTIVITY

Much ado about new materials

By Jane Rippeteau

A NEW superconducting material was presented to the public yesterday, at an international physics conference in Switzerland.

Paul Grant, head of the magnetism and superconductivity programme at the International Business Machine Corp's Almaden laboratory, announced the find in Interlaken. He said the material consistently transmitted electricity without resistance at a higher temperature than research worldwide had previously turned up.

Other speakers confirmed similar results with the new compound, which incorporates highly toxic thallium. The conference hall was packed with about 1,000 scientists gathered for the event, including about 30 from the Soviet Union.

"It's less frenetic than a year ago, but there are just as many whoops of excitement," said one attendee, comparing the affair to a conference in New York last winter that was dubbed the "Woodstock of physics" because of the excitement it generated for high-temperature superconductor technology.

The thallium development underscores a renewed sense of discovery gripping this area of science after a lull late last year. The advance follows another compound's debut just a few weeks ago: a bismuth, strontium and calcium cocktail. Conference organisers had expected night sessions on bismuth to steal the show. But suddenly everyone was buzzing about thallium.

"Bismuth may be history," said Arthur W. Sleight, of DuPont's superconductivity team, which has just published one of the first papers on bismuth.

But thallium could soon be history, too, conceded Grant. "It's a new world record. Maybe it will stand for five weeks, maybe for five hours."

Grant said that on February 23 his team confirmed a discovery by scientists at the University of Arkansas, and then improved upon it to raise the superconductor's working temperature to 118 degrees Kelvin, comfortably above the 93 degree level of the so-called 1-2-3 compound that has held sway in the past year. The Arkansas team has submitted a paper on its work to the premier world physics journal, Physical Review Letter.

Some scientists were sceptical that thalium would have a future because it was dangerous to work with. "I don't believe thalium is the ultimate answer. It is horrendously toxic," said Bertram Batlogg, head of Solid State and Physics of Materials Research at AT&T Bell Laboratories in Murray Hill, New Jersey. Batlogg said his team was investigating other promising alternatives "to get similar tricks with lead and bismuth."

Grant's eagerness to publicise his work was typical of the rush to be first that fired up participants. One presenter was drowned out by laughter as he raced through a presentation on a material which he said had been telefaxed from his Stockholm laboratory just one hour previously. Grant himself raced to pencil out a press release on his thallium work even as another IBM delegate urged him to tone it down.

The advent of new compounds is both boon and burden to scientists. On the one hand, they are forced to jump from one line of inquiry to another. On the other, new compounds also reveal common characteristics. For instance, the recent ones serve to confirm a structural system, including sandwich-like layers of copper and oxygen.

Physicists are struggling to understand how the materials work, so the problems of engineering them into useful products, such as powerful magnets and faster computers, can be solved.

The mood coming out of the conference are "a breather", said Dr Sleight of DuPont. "There are new structures to explore. This will help us understand how they work."

The conference was organised by IBM's Zurich laboratory and scientists from other Swiss industrial laboratories and universities.

It was at the IBM Zurich laboratory in 1986 that K. Alex Mueller and J. Georg Bednorz discovered a new class of material that enabled electricity to be carried resistance-free at much higher temperatures than previously possible. The two scientists won the Nobel Prize last year for their work.

Instant changes of image for the scientist

A NEW class of computer, combining supercomputer speeds with three-dimensional full colour graphics, is being launched today by California-based Ardent Computer Corporation.

Ardent claims that its Titan system, which runs a specially written program called Doré, will have wide appeal because of its power and relative cheapness.

Possible applications include computational physics, molecular modelling, fluid dynamics, mechanical computer-aided engineering, seismic data processing, reservoir simulation and animation.

Titan will be attractive to scientists, says the company, because of the speed at which it can transform computer data into high quality graphic form. The system works at 50m pixels a second, so that images appear as the data is put in. This means the scientist can alter the parameters as he or she goes along in order to see how the image changes.

Titan and Doré will offer scientists a new way of looking at problems. They will be able to see the physics evolve as it is designed," says David Howes, UK managing director of Ardent.

He explains that when computer scientists want to visualise results on other machines, they are obliged to re-code the data for graphic display and than run it on a separate processor. The connection between the two processors, known as wet string, does not allow interaction and tends to slow things down.

Ardent has achieved this speed through computer architecture which links the units in parallel rather than in series. This allows *the speed of communication* between them to be increased.

A single processor Titan will be available for £60,000. While it will not process information as fast as a $6m (£3.4m) Cray supercomputer, its low cost and graphics facilities will allow universities and research facilities to devote machines to single users, so avoiding the delays associated with sharing computer resources.

Ardent also claims that the maintenance costs of its system are low and there is no need to install air conditioning or construct special buildings to house the computers.

The company is encouraging the use of its equipment in universities and research facilities by offering Doré software licences for £200. It says the program will achieve worthwhile results on any machine that will communicate with a Cray or a DEC computer, though the results will not be as good as on the Titan.

But Ardent will face fierce *competition in the mini supercomputer market* from another start-up company, Massachusetts-based Stellar Computer, as well as from established suppliers like Apollo and Alliant.

Paul Abrahams

The Institute of Chartered Accountants in England and Wales

Results of Professional Examination II held in December 1987

List of Successful Candidates

A

Abbott D. C. (Peat Marwick McLintock), London
Abbott J. A. (Spicer and Oppenheim), Cambridge
Abbott N. (Peat Marwick McLintock), Birmingham
Abidin S. A. M. (Alliott, Peirson), London
Acaster N. R. (Spicer and Oppenheim), London
Ackerman L. W. (Lyon, Pilcher & Co), Southampton
Acuti G. L. G. (Binder Hamlyn), Croydon
Adams G. A. (Arthur Andersen & Co), Birmingham
Adcock C. J. (Ernst & Whinney), London
Adcock P. J. (Duncan & Toplis), Grantham, Lincs
Addison-Smith C. J. (Ernst & Whinney), London
Aderoji A. (Price Waterhouse), London
Adl M. (Blick Rothenberg & Noble), London
Agapiou A. (Chelepis & Co), London
Aggarwal N. (Aitken And Company), Hull
Alam M. Z. (Dean Statham), Stafford
Alexander J. J. (Peat Marwick McLintock), London
Alexander P. A. (Coopers & Lybrand), London
Alford E. A. (Deloitte Haskins & Sells), Reading
Alford P. R. (Kidsons), London
Alimchandani N. J. (Ernst & Whinney), London
Allen C. P. Q. (Touche Ross & Co), Leicester
Allen D. (Deloitte Haskins & Sells), London
Allen D. (Spicer and Oppenheim), Nottingham
Allen K. (Arthur Young), Bristol
Allen K. D. (Peat Marwick McLintock), Birmingham
Allen R. J. A. (Arthur Young), London
Ambrose M. L. (Arthur Young), Luton
Anders P. W. (Bishop Fleming), Paignton, Devon
Anderson D. J. (Ball Baker Leake), London
Anderson N. E. (Peat Marwick McLintock), London
Anderson L. J. (Peat Marwick McLintock), London
Andrew J. D. (Duncan & Toplis), Grantham, Lincs
Andrews C. E. (Deloitte Haskins & Sells), Cardiff
Andrews K. M. (Deloitte Haskins & Sells), Liverpool
Andrews T. K. (Grant Thornton), Northampton
Appleton D. K. (Deloitte Haskins & Sells), Newcastle upon Tyne
Appa J. M. C. (Coopers & Lybrand), London
Ardron C. J. (Grant Thornton), Sheffield
Arkell J. A. (Spicer and Oppenheim), London
Armistead R. B. (Price Waterhouse), London
Armstrong R. J. (Touche Ross & Co), Leicester
Ashton S. D. (Arthur Young), London
Aspinall J. E. (Spicer and Oppenheim), London
Atkin J. D. (Peat Marwick McLintock), Manchester
Averillo D. L. (MacIntyre Hudson), London

B

Bach M. Y. (Price Waterhouse), Leicester
Bailey S. M. (Coopers & Lybrand), London
Baillam M. M. (Stoy Hayward), London
Bainbridge R. C. (Price Waterhouse), Newcastle upon Tyne
Baker J. C. (Stanley A. Spofforth & Co), London
Baker M. A. (Robson Rhodes), Bradford, W.Yorkshire
Bakewell A. J. (Deloitte Haskins & Sells), Bristol
Balcombe K. M. (Deloitte Haskins & Sells), London
Ball J. M. (Peat Marwick McLintock), Stoke-on-Trent
Ball K. S. (Clark Whitehill), London
Ballantyne H. E. (Chadwick & Hassall), Manchester
Balmont S. J. (Hill Vellacott), London
Banerji A. B. (KMG Thomson McLintock), London
Banks P. J. (Arthur Andersen & Co), London
Barber J. (Ernst & Whinney), Birmingham
Barbini T. (Coopers & Lybrand), London
Barr F. (Cohen, Arnold & Co), London
Barker P. J. N. (Peat, Marwick, Mitchell & Co), Reading
Barker R. S. (Price Waterhouse), Bristol
Barker T. J. (Phipp & Co), Nottingham
Barnard J. (Martin & Acock), Norwich
Barnes P. A. (Stoy Hayward), London
Barnett I. R. (Peat Marwick McLintock), Plymouth
Barraclough N. M. (Gordon (John), Walton & Co), Leeds
Barron R. P. (Arthur Young), Birmingham
Bartholomew R. E. (Ernst & Whinney), London
Bartrop R. W. (Touche Ross & Co), Cardiff
Batchelor M. K. (Neville Russell), Birmingham
Bates G. L. (Ernst & Whinney), London
Bathia K. N. (Lewis Golden & Co), London
Batsford C. L. (Bowker, Orford & Co), London
Batty W. A. (Price Waterhouse), Windsor, Berks
Bayley N. C. (Grant Thornton), Rushden, Northants
Beamon P. R. (Maras, Baker, Jones & Co), Wolverhampton
Beard S. M. (Peat Marwick McLintock), Leeds
Beaumont J. G. (Ernst & Whinney), London
Beazley J. J. (Coopers & Lybrand), London
Bell S. (Clark Whitehill), London
Bender J. P. (Hodgson Impey), Hull
Bennett A. E. (Hallidays), Manchester
Bennett G. V. (Deloitte Haskins & Sells), Southampton
Bennett J. A. L. (Hays Allan), London
Bennett R. A. (Spicer and Oppenheim), London
Bennett S. R. (Ernst & Whinney), Birmingham
Benthall E. A. P. (Price Waterhouse), London
Bentley W. A. R. (Touche Ross & Co), Manchester
Benton M. T. (Grant Thornton), Evesham, Worcs
Berman N. H. (Peat Marwick McLintock), London
Berrington S. (Elliott, Templeton Sankey), Manchester
Berry P. R. (Lyon, Pilcher & Co), Southampton
Beryln P. (Levy Gee), London
Bewley L. M. (Hartley Fowler), London
Beynon P. A. (Touche Ross & Co), Swansea
Bharmal Z. (H.W. Fisher & Co), London
Bidder A. J. (Dearden Farrow), London
Billinger A. J. (Price Waterhouse), London
Bingham L. A. (Joyce E. Bonney & Co), Stockport, Cheshire
Birch C. L. (Coopers & Lybrand), London
Birch J. W. (Chantrey Wood King), Watford
Birchall G. F. (Coopers & Lybrand), Manchester
Birchall S. (Leslie Bray & Co), Harrogate, N.Yorkshire
Birtles J. M. (Rice & Co), Cannock, Staffs
Bittleston T. (Peat, Marwick, Mitchell & Co), Bristol
Blackburn D. G. (Dearden Farrow), London
Bladen J. H. (Touche Ross & Co), London
Blair A. P. (Price Waterhouse), London
Blair J. L. (Coopers & Lybrand), Nottingham
Blake K. N. (Slater, Chapman & Cooke), London
Blakeney M. J. (Ernst & Whinney), London
Blom L. M. (Arthur Young), London
Bloom N. R. (Goldwyns), Southend-on-Sea
Bloomfield I. A. (Touche Ross & Co), Manchester
Blott P. J. (Coopers & Lybrand), Uxbridge, Middx
Blucstone L. S. (Clark Whitehill), London
Boak C. (Levy Gee), London
Bond A. D. (Howard, Tilly & Co), Birmingham
Bonnor R. H. (Hays Allan), London
Boon S. P. (Deloitte Haskins & Sells), Southampton
Booth W. J. (Deloitte Haskins & Sells), London
Booty J. A. (Crossley & Davis), Rochester, Kent
Borthwick C. (Price Waterhouse), Newcastle upon Tyne
Bottomley D. R. (Grant Thornton), Cleckheaton, W.Yorkshire
Boucher G. J. (Neville Russell), London
Boughton J. M. (Arthur Young), London
Boughton M. (Deloitte Haskins & Sells), London
Bowers R. F. (Arthur Andersen & Co), London
Bowker P. (Price Waterhouse), Nottingham
Bowles R. N. (Wheawill & Sudworth), Leeds
Bowsher S. J. (Coopers & Lybrand), London
Boyce T. J. (Hays Allan), London
Boyle H. J. (Arthur Young), Birmingham
Bradbury S. T. (Hodgson Impey), London
Bradley S. A. (Deloitte Haskins & Sells), London
Bradley-Hoare J. (Littlejohn Frazer), Southend-on-Sea
Brady B. H. (KMG Thomson McLintock), London
Brady M. D. (Peat Marwick McLintock), Leeds
Brayshaw M. H. (Shaw, Dunk, Styring & Co), Sheffield
Brazel P. R. G. (Hemming, Graham & Co), Lincoln
Brearley C. A. (Peat Marwick McLintock), Birmingham
Bremner J. (Spicer and Oppenheim), Peterborough
Brett K. M. (Coopers & Lybrand), London
Brett D. A. (Coopers & Lybrand), Birmingham
Bretton N. P. (Peat Marwick McLintock), London
Bridge D. (Peat Marwick McLintock), London
Bridgwater H. G. (Stoy Hayward), London
Bright N. I. (Coopers & Lybrand), London
Broad A. J. (Arthur Young), London
Broadbent W. L. F. (Peat Marwick McLintock), Bristol
Brook A. G. (Robson Rhodes), London
Brook D. C. (Peat Marwick McLintock), Birmingham
Brook M. J. (Revell Ward), Huddersfield
Brooke M. C. (Deloitte Haskins & Sells), London
Brooks C. D. (Arthur Andersen & Co), London
Broomhead J. M. (Brooking, Knowles & Lawrence), Basingstoke, Hants
Browell P. W. (Price Waterhouse), Windsor, Berks
Brown C. J. (Clarkson, Hyde & Co), Sutton, Surrey
Brown K. (Price Waterhouse), Leeds
Brown M. S. (Grant Thornton), Milton Keynes
Brown N. J. (Coopers & Lybrand), Bristol
Brown R. G. (Bromhead & Co), Plymouth
Brown R. J. (Price Waterhouse), Newcastle upon Tyne
Brown T. A. (Arthur Andersen & Co), London
Browne M. A. (Peat Marwick McLintock), Leicester
Browning C. E. (Weller, Messenger & Kirkman), Oxford
Bruce J. A. F. (Ernst & Whinney), London
Bryan R. A. (Clement Keys & Co), Birmingham
Buckler P. R. (Robson Rhodes), Wolverhampton
Buckley C. A. F. (Peat Marwick McLintock), Birmingham
Buckley M. (Crossley & Davis), London
Buist J. C. S. (Spicer and Oppenheim), London
Bulgin S. J. (Peat, Marwick, Mitchell & Co), Southampton
Bullivant P. (Grant Thornton), Coventry
Bullock M. D. (McBride & Co), Sidcup, Kent
Bunker S. D. (Robson Rhodes), London
Bergess A. J. (Armitage & Norton), Leeds
Berridge G. M. (Arthur Young), London
Burrows J. R. (Pannell Kerr Forster), London
Burrows M. J. (Ernst & Whinney), Norwich
Burt M. J. (Deloitte Haskins & Sells), Nottingham
Burton E. V. (Neville Russell), Stockport, Cheshire
Burton Brown C. A. (Dixon Wilson), London
Bush T. (Ernst & Whinney), Reading
Butlin P. C. (Halpern and Woolf), London
Buxton J. A. (Grant Thornton), Sheffield
Buxton L. J. (Arthur Young), London
Byrne L. J. (Peat Marwick McLintock), Manchester

C

Calder A. (Pannell Kerr Forster), Worcester
Caley F. C. (Levicks), Maidstone, Kent
Callow P. J. (Price Waterhouse), Nottingham
Camm A. J. (Arthur Andersen & Co), Birmingham
Campbell A. (Price Waterhouse), Glasgow
Campbell C. (Peat Marwick McLintock), Maidstone, Kent
Campbell R. J. (Arthur Young), Nottingham
Carey M. G. (Birkett Wesson), London
Carlton M. C. (Arthur Young), London
Carr A. C. (Peat Marwick McLintock), London
Carradus M. (Bird Luckin & Sheldrake), Chelmsford
Carruthers C. L. (Peat Marwick McLintock), Liverpool
Carruthers J. P. (Deloitte Haskins & Sells), London
Cartwright C. K. (Grant Thornton), Coventry
Catanach L. (Hacker Young), London
Catanzaro E. G. (Levy Gee), London
Caufield T. C. (Solomon Hare), Bristol
Caygill J. E. (Coopers & Lybrand), London
Chadwick S. A. E. (Lyon, Pilcher & Co), Southampton
Chak Y. K. (Clayton, Stark & Co), London
Chandler G. D. (Neville Russell), London
Chaplin M. D. L. (Thickbroom, Coventry & Co), Waltham Cross, Herts
Chapman D. P. (Arthur Andersen & Co), Leeds
Chapman E. (Rawlinsons), Newcastle upon Tyne
Chapman P. A. (Bagshaw & Co), London
Charalambous E. P. (Spicer and Oppenheim), Manchester
Charge S. P. (Arthur Andersen & Co), London
Chee Kee Chung R. (Arthur Young), London
Cheung A. P. K. (Arthur Young), London
Cheung W. H. (Pridie Brewster), London
Cheung Y. F. (Pridie Brewster), London
Chew K. S. (Arthur Young), London
Chiswell P. R. R. K. (Deloitte Haskins & Sells), Manchester
Choeu S. L. (Coopers & Lybrand), Cardiff
Choo C. K. (Arthur Andersen & Co), London
Choong K. H. (Coopers & Lybrand), London
Chowdry R. (Arthur Andersen & Co), London
Chow Y. (Price Waterhouse), Birmingham
Christian J. N. (Peat, Marwick, Mitchell & Co), Douglas, Isle of Man
Chu P. C. (Berlin Fine), London
Church L. (Deloitte Haskins & Sells), London
Citron M. B. (Morley & Scott), London
Clancy C. J. (Peat Marwick McLintock), Newcastle upon Tyne
Clarke H. A. (Touche Ross & Co), Birmingham
Clarke S. D. (Landau Morley), Wembley, Middx
Clarkson R. M. (Ernst & Whinney), Leeds
Clausen N. D. (Peat Marwick McLintock), Leeds
Clayton K. (Goldwyns), London
Clayton N. W. N. (Stoy Hayward), London
Cleary M. J. (Grant Thornton), Worthing, W.Sussex
Clements T. D. (Grant Thornton), Evesham, Worcs
Coates A. M. (Hawsons), Sheffield
Coates P. T. (Arthur Young), Birmingham
Coates S. E. (Binder Hamlyn), London
Coats D. P. (Arthur Andersen & Co), London
Cochran M. J. (Barron Rowles & Bass), Egham, Surrey
Cohen G. (Arram, Berlyn, Gardner & Co), London
Coleman L. G. (Moores & Rowland), London
Colby D. A. (Price Waterhouse), Leeds
Coleman D. J. R. (Coopers & Lybrand), Maidstone
Coles D. W. (Peat Marwick McLintock), London
Colling D. S. (Price Waterhouse), London
Collins C. L. (Armitage & Norton), Bradford, W.Yorkshire
Colthorpe R. C. L. (Arthur Andersen & Co), London
Cond D. A. (Spicer and Oppenheim), Birmingham
Connolly L. (Barber, Harrison & Platt), Sheffield
Cook K. L. (Arthur Young), London
Cook N. A. (KMG Thomson McLintock), London
Cook T. Y. (Coopers & Lybrand), London
Cooke A. J. (Peat Marwick McLintock), London
Cooke E. M. (Deloitte Haskins & Sells), London
Coomer T. (Langdowns), Andover, Hants
Cooper D. J. (Touche Ross & Co.), London
Copeland C. W. (Hays Allan), Cambridge
Corner I. S. (Grant Thornton), Liverpool
Cornish A. D. (Finn-Kelcey & Chapman), Ashford, Kent
Cory A. T. (Beer, Aplin & Co), Exeter
Cotterill M. D. (KMG Thomson McLintock), London
Cottle A. Y. (Neville Russell), London
Coulthrup T. J. (Neville Russell), Brighton, E.Sussex
Courtney P. G. (Arthur Young), London
Coward P. W. (Hawsons), Sheffield
Cowell L. J. (Phillips Frith & Co), Newquay, Cornwall
Cowen D. J. (Robson Rhodes), London
Cowie D. (Deloitte Haskins & Sells), Leeds
Cowling S. A. (Deloitte, Haskins & Sells), Reading
Cox L. (Neville Russell), Oxford
Cox P. M. (Ernst & Whinney), London
Crabtree P. F. (Buzzacott & Co), London
Crafter W. D. (Peat Marwick McLintock), London
Craig H. M. (Price Waterhouse), Bristol
Craig L. S. (Coopers & Lybrand), Leeds
Cramer A. P. (Lubbock Fine), London
Crawford K. D. (Coopers & Lybrand), London
Croci R. (Kidsons), London
Crook P. S. (KMG Thomson McLintock), Manchester
Cross J. T. L. (Binder Hamlyn), Croydon
Cross S. G. (Pulleyn, Heselton & Co), York
Crowe J. Y. (Arthur Young), Newcastle upon Tyne
Crowley C. J. (Rawlinsons), Peterborough
Crowley T. J. (Price Waterhouse), London
Crowther S. J. (Price Waterhouse), London
Crump M. L. (Arthur Andersen & Co), London
Cullingford P. A. (Price Waterhouse), Manchester
Culver P. C. L. (Price Waterhouse), London
Cumings J. C. (Finnie & Co.), London
Cummings S. L. (Touche Ross & Co.), London
Cunningham A. N. (Ernst & Whinney), Manchester
Cunningham G. M. (Letchfords), Harrow, Middx
Cunningham P. J. (Touche Ross & Co.), Cardiff
Cusick N. J. P. (Saint & Co.), Carlisle
Cyroos N. (Saffery Champness), London

D

Dabby S. A. (Cooper Lancaster), London
Daglish D. G. (Deloitte Haskins & Sells), London
Dalrymple J. H. (Coopers & Lybrand), London
Daly I. (Touche Ross & Co.), Bracknell, Berks
Damji S. (Michael Fenton & Co), London
Dane I. R. (Spicer and Oppenheim), Manchester
Daniels J. M. (Peat Marwick McLintock), Birmingham
Darling S. M. (Saffery Champness), London
Darrington M. R. (MacIntyre Hudson), London
Datlen S. E. (Burnett, Swayne & Co), Southampton
Davey R. G. (Phillips Frith & Co), St. Austell, Cornwall
Davidson C. E. (Coopers & Lybrand), Northampton
Davidson F. J. (Ernst & Whinney), Birmingham
Davidson J. E. C. (KMG Thomson McLintock), London
Davidson K. T. (Coopers & Lybrand), King's. Lynn, Norfolk
Davies A. M. (Cooper Lancaster), Bolton
Davies A. C. (Grant Thornton), Birmingham
Davies B. (Stoy Hayward), London
Davies C. P. (Touche Ross & Co.), Liverpool
Davies J. W. E. (Reeves & Neylan), Canterbury, Kent
Davies S. G. (Deloitte Haskins & Sells), Cardiff
Davis D. P. (Hacker Young), London
Davis G. A. (Keelings), London
Davis M. J. (Baker Rooke), London
Davis M. E. (Spain Brothers & Co), Canterbury, Kent
Davison M. J. (KMG Thomson McLintock), Birmingham
Davison T. N. (Arthur Andersen & Co), London
Daw A. M. (Littlejohn Frazer), London
Dawson P. J. M. (Binder Hamlyn), Croydon
Dawson R. W. R. (Peat Marwick McLintock), Leeds
Day S. J. (Deloitte Haskins & Sells), Nottingham
Dean D. T. (Peat Marwick McLintock), London
Dearden P. E. (Touche Ross & Co), Douglas, Isle of Man
Deaville S. B. (Pannell Kerr Forster), Manchester
Debrah Y. D. (Coopers & Lybrand), London
De Cintra C. M. (Fraser Keen), London
Degenhardt C. (Grant Thornton), Brighton, E.Sussex
Delaney J. M. (Touche Ross & Co.), Birmingham
Dell R. F. (Ernst & Whinney), Norwich
Demetriou M. (Bright Grahame Murray), London
Denmead M. K. (Deloitte Haskins & Sells), London
Dennis P. (Barnett & Turner), Mansfield, Notts
Derbyshire L. M. (Arthur Young), Liverpool
Deri R. G. (Peat Marwick McLintock), Leeds
Derwin G. A. (Coopers & Lybrand), Manchester
Desai M. M. (Arthur Andersen & Co), London
De Silva Wijeyeratne A. L (Ernst & Whinney), London
Devitt W. S. (Hodgson Impey), Birmingham
Devlin I. D. (Clark Whitehill), London
Dew I. (Armstrong & Co), Newcastle upon Tyne
Dexter G. L. (Moore Stephens), London
Dhala K. T. M. (Ferguson Maidment & Co), London
Dickens S. P. (Deloitte Haskins & Sells), Southampton
Dimmer S. D. (Pannell Kerr Forster), London
Dines C. M. (Longcrofts), Sutton, Surrey
Dingle S. P. (Blick Rothenberg & Noble), London
Dinsmore G. G. (Pannell Kerr Forster), Derby
Dixon A. (Deloitte Haskins & Sells), Nottingham
Dixon A. J. (Spain Brothers & Co), Canterbury, Kent
Dixon C. S. (Price Waterhouse), London
Dixon D. P. (Price Waterhouse), London
Dobson R. M. (Ernst & Whinney), Leeds
Dodhia P. (Arthur Andersen & Co), London
Dodsworth L. D. (Price Waterhouse), London
Dolton S. (Grant Thornton), Witney, Oxon
Donaghy M. E. (Wilson Braithwaite & Scholey), Leeds
Donhue P. G. (Milne Ross), London
Dorning P. R. (Ernst & Whinney), Hull
Douglas N. R. J. (Ernst & Whinney), Newcastle upon Tyne
Dover D. L. (Price Waterhouse), Windsor, Berks
Dowie J. (Grant Thornton), Bournemouth, Dorset
Downes A. E. (Kidsons), London
Downey P. A. (Lithgow, Nelson & Co), Southport, Merseyside
Dowthwaite L. J. (Arthur Young), Manchester
Draper J. T. (Arthur Andersen & Co), Manchester
Droad J. J. (Price Waterhouse), Birmingham
Drudy C. A. (Price Waterhouse), London
Dua R. K. (Hays Allan), London
Dulai S. K. (Spicer and Oppenheim), London
Dunlop B. W. (Touche Ross & Co.), Manchester
Durbin P. B. (Grant Thornton), Leeds
Dusson S. (Hill Vellacott), London

E

Eaves P. N. T. (Arthur Andersen & Co), Leeds
Edgar J. W. M. (Peat Marwick McLintock), London
Edgerton G. J. (Peat Marwick McLintock), London
Edghill M. D. (Coopers & Lybrand), London
Edwards C. I. (Peat Marwick McLintock), London
Edwards H. T. (Peat Marwick McLintock), London
Edwards J. M. (Arthur Andersen & Co), London
Edwards M. I. (Binder Hamlyn), Norwich
Edwards M. C. (Hays Allan), London
Edwards N. G. (Spicer and Oppenheim), Nottingham
Edwards R. J. (Coopers & Lybrand), Cardiff
Edwards R. A. (Deloitte Haskins & Sells), Gloucester
Edwards S. R. (Jordan, Brookes & Co), Winchester, Hants
Efthymiades P. (Braham, Valentine & Co), London
Egan D. C. (Arthur Young), Nottingham
Eggleton F. J. (Stoy Hayward), London
Eglington F. M. (Wagstaffs), Hitchin, Herts
Eland S. (Peat Marwick McLintock), Truro, Cornwall
Elstamby P. R. (Barton, Cotes & Co), Cardiff
Ellinas C. (Grant Thornton), Birmingham
Elliott D. M. (Touche Ross & Co.), London
Ellis J. (Hill Vellacott), Leicester
Ellis K. J. (Price Waterhouse), London
Ellis C. S. (Deloitte Haskins & Sells), Southampton
Ellison S. J. (Arthur Young), Liverpool
Elias C. R. (Arthur Andersen & Co), London
Elton C. P. (Ernst & Whinney), Hull
Ernest M. J. (Peat Marwick McLintock), Cardiff
Essam J. (Grant Thornton), Corby, Northants
Etchells H. M. (Peat Marwick McLintock), Preston
Evangelou E. (Sutcliffe & Riley), Halifax, W.Yorkshire
Evans A. (Touche Ross & Co.), Cardiff
Evans B. (Peat Marwick McLintock), Manchester
Evans C. (Ernst & Whinney), Reading
Evans D. Y. (Cyril Arnold & Co), Rhyl, Clwyd
Evans J. M. (Cooper Basden & Adamson), London
Evans P. M. (Ernst & Whinney), Luton
Evans P. G. (Jennings Johnson), Sunderland
Evans R. Y. (Chrocs, Webb), London
Evans J. D. N. (Thompson, Scannell & Co), London
Everett K. (Ernst & Whinney), Southampton
Everitt A. D. (Ernst & Whinney), Exeter

F

Fairhurst A. D. (Binder Hamlyn), London
Falla J. M. (Ernst & Whinney), London
Farbridge A. (Peat Marwick McLintock), Sheffield
Farmery R. J. (Brebner, Allen & Trapp), London
Farquhar M. F. B. (Buzzacott & Co), London
Farquhar P. N. (Jennings Johnson), Sunderland
Farrall R. E. (Ernst & Whinney), London
Farrant C. F. (Price Waterhouse), London
Fawley J. P. (Binder Hamlyn), Croydon
Featherstone J. (Deloitte Haskins & Sells), Southampton
Fenn J. M. (Coopers & Lybrand), Uxbridge, Middx
Fennell A. P. (Morison Stoneham), London
Field A. P. (Pridie Brewster), London
Fillery G. W. (Peat Marwick McLintock), Maidstone
Findlay R. G. (Price Waterhouse), Nottingham
Fingleton P. J. (Thornton, Harper & Ralph), Preston
Finn S. R. (Hill Vellacott), Croydon
Finnie R. J. (Grant Thornton), Leicester
Firth C. N. (Peat Marwick McLintock), Bradford, W.Yorkshire
Fisher H. C. (Arthur Andersen & Co), Manchester
Fishlock M. G. J. (Peat Marwick McLintock), Birmingham
Fishwick C. A. (Peat Marwick McLintock), Manchester
Fitzerald R. J. N. (Deloitte, Haskins & Sells), Reading
Fitzpatrick C. A. (Touche Ross & Co.), London
Flack A. C. (Price Waterhouse), London
Fletcher A. W. (Price Waterhouse), London
Foo L. W. (Gordon, Kanter & Co), Edgware, Middx
Forsyth J. C. (Crane & Partners), London
Fox N. A. D. (Ernst & Whinney), London
Francis F. (KMG Thomson McLintock), Newcastle upon Tyne
Francis J. D. (Wilkins, Kennedy & Co), London
Francis P. A. (Price Waterhouse), Nottingham
Franklin C. A. (Price Waterhouse), Southampton
Franklin K. N. (Haines Watts), Basingstoke, Hants
Fraser E. K. (Peat Marwick McLintock), Birmingham
Fraser K. J. (Chantrey Wood King), London
Fraser K. H. (Deloitte Haskins & Sells), London
French C. D. (Robson Taylor), Bristol
Fricker E. J. (Arthur Young), London
Frome A. P. (KMG Thomson McLintock), London
Fuller A. J. (Hodgson Impey), Hull
Fung T. H. K. (Blick Rothenberg & Noble), London
Furniss I. W. (F.W. Smith, Riches & Co), London

G

Gagen Y. A. (Lewis, Berman & Partners), London
Gainham S. L. (Price Waterhouse), London
Gale A. M. (Watling & Hirst), Chichester, W.Sussex
Gallagher I. W. (Waugh Haines Rigby), Cheltenham, Glos
Gallagher P. J. (Coopers & Lybrand), Manchester
Galvin C. (Binder Hamlyn), London
Galvin I. M. (Touche Ross & Co), London
Gardner S. J. (Spicer and Oppenheim), London
Garland I. R. (Rolfe, Swayne & Co), Godalming, Surrey
Garrett N. J. (Deloitte Haskins & Sells), London
Garrison M. A. (R.W. Allott & Co), Rotherham, S.Yorkshire
Gateley C. (Peat Marwick McLintock), Leeds
Gay G. D. (Arthur Andersen & Co), Leeds
Geary J. (Peat Marwick McLintock), London
Geddes J. B. (Touche Ross & Co.), London
Geneen G. R. (Deloitte Haskins & Sells), London
Gentle M. E. (Deloitte Haskins & Sells), Newport, Gwent
Georghiades A. (Pridie Brewster), London
Georgiou C. (H.W. Fisher & Co), London
Gething R. (Birkett Wesson), London
Gibb E. E. (Deloitte Haskins & Sells), Bristol
Gibbons G. R. (Arthur Young), London
Gibbons N. B. (Arthur Young), Crewe
Gibson K. R. (Arthur Young), Manchester
Gibson S. J. (Chadwick & Co), Manchester
Gilkes B. S. (Stoy Hayward), London
Gill C. W. (Touche Ross & Co.), London
Gill R. J. (Coopers & Lybrand), Sheffield
Gillies K. M. (Chantrey Wood King), London
Gillson S. J. (F.L. Rouse & Co), Beaconsfield, Bucks
Gilmour M. M. (Cooper Basden & Adamson), London
Glasspool D. M. P. (Coopers & Lybrand), London
Glover I. G. (Touche Ross & Co.), London
Glyn H. (Arthur Young), London
Glynn A. D. (Ernst & Whinney), Birmingham
Godwin C. J. (Beecham & Co), London
Goggie K. F. (Binder Hamlyn), London
Golding J. T. (Arthur Young), London
Goodall R. A. (Peat Marwick McLintock), Brighton, E.Sussex
Goodman S. K. (Clement Keys & Co), Brierley Hill, W. Midlands
Goodwin J. M. (Peat Marwick McLintock), Bristol
Goodwin J. L. (Deloitte Haskins & Sells), Swansea
Gordon P. J. (Gordon (John), Walton & Co), Leeds
Gosling A. (Forrester Boyd), Grimsby, S.Humberside
Gosling D. J. (Peat Marwick McLintock & Co), Ipswich
Gower R. P. (Reeves & Neylan), Canterbury, Kent
Gowman P. R. (Peat Marwick McLintock), London
Graham M. S. (Coopers & Lybrand), Manchester
Grant C. J. (Price Waterhouse), London
Gray A. L. (Aitken And Company), Hull
Gray G. M. (Coopers & Lybrand), London
Gray R. M. (Ensors), Ipswich
Gray T. J. (Pannell Kerr Forster), Leicester
Green B. (Barrowcliff Hamer & Co), Middlesbrough, Cleveland
Green H. P. (Deloitte Haskins & Sells), London
Green J. T. (Comins & Co), London
Green M. J. (Stoy Hayward), London
Green S. S. (Price Waterhouse), London
Green W. E. (Spicer and Oppenheim), London
Greenberg A. M. (Arthur Andersen & Co), London
Greene B. J. (Bourner Bullock), London
Greenwood P. H. (Ernst & Whinney), London
Gregory J. (Peat Marwick McLintock), Newcastle upon Tyne
Gregory M. G. (Freeda Milston Cedar Baker), London
Griffin J. E. (Peat Marwick McLintock), Manchester
Griffin S. P. (Deloitte Haskins & Sells), London
Grimshaw H. (Arthur Andersen & Co), London
Grindell J. (Grant Thornton), London
Groat M. J. M. (Price Waterhouse), London
Grodner G. R. (Saffery Champness), London
Gross I. P. (Peat Marwick McLintock), Bristol
Grotowski S. (KMG Thomson McLintock), London
Growcott A. J. (Britain & Bevan), Birmingham
Gupta A. K. (Binder Hamlyn), London
Guy S. P. (Deloitte Haskins & Sells), Southampton

H

Haden K. J. (Coopers & Lybrand), London
Hadjimichael T. (Peat Marwick McLintock), Cardiff
Hadjinikitas A. N. (Touche Ross & Co.), London
Hafenden R. I. (Jacob, Cavenagh & Skeet), Sutton, Surrey
Haines S. P. (Touche Ross & Co.), London
Hainsworth A. W. (Armitage & Norton), Leeds
Hajjar K. C. (Grant Thornton), London
Hall E. (Pannell Kerr Forster), Darlington, Co. Durham
Hall I. T. (Peat Marwick McLintock), Maidstone, Kent
Hall M. A. (Wheawill & Sudworth), Huddersfield
Hall T. R. (Touche Ross & Co.), Bracknell, Berks
Hallam C. A. (Coopers & Lybrand), London
Halliwell N. D. (Roberts, McLennan & Co), Woking, Surrey
Ham F. E. (Touche Ross & Co.), London
Hambidge P. J. (Hill Vellacott), London
Hamblin R. L. (Price Waterhouse), Nottingham
Hammersley C. E. (Arthur Young), Cambridge
Hammond J. S. (Shipley Blackburn), Harrow, Middx
Handley D. P. (Auerbach Hope), London
Haney P. (Wagstaffs), Stevenage, Herts
Hanks R. (Price Waterhouse), Birmingham
Hann M. J. (Binder Hamlyn), Manchester
Haque Z. A. (Leach & Co), Richmond, Surrey
Harbour G. J. (Deloitte Haskins & Sells), Bristol
Hardcastle J. K. W. (Peat Marwick McLintock), London
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Harrington D. P. N. (Morgan, Brown & Haynes), Loughton, Essex
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Harris I. M. B. (Coopers & Lybrand), London
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Harrison D. J. (Harper Broom Roberts), London
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Lovell J. S. (Little(Geo.), Sebire & Co), London
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Lowe W. G. (Touche Ross & Co.), London
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Malik A. M. (Clarke & Co), London
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ARTS

The Tempest/Salford Playhouse

Martin Hoyle

With more theatres than any comparable British urban sprawl except London, Greater Manchester has a new recruit. Salford Playhouse, home of amateur theatre for years (Bernard Hill and Ben Kingsley began their careers with the Salford Players), has turned professional. With Northern assurance, artistic director Michael Goddard has aimed high with his opening production: *The Tempest*, no less. With Northern know-how, he brings his connections as stand-up comic and scriptwriter to bear; and some familiar faces from television contribute to the isle's noises that give delight and hurt not.

Costume is modern, and the ground-level acting space, seating on three sides, is bare but for a chest. David Smith's lighting design conjures up a vivid storm, though the words get swallowed. This tendency is corrected by Prospero, whom John Watts lends a Gielgud-like mellifluousness (but beware of overdoing the voice beautiful). This Prospero is still young and vigorous, rather as played in Derek Jarman's film, with a bookishly distant air that can harden into anger. Cape and cane give him the semblance of a stage magician. There are no weaknesses among the dinner-jacketed "straights," where Geoffrey Banks provides a dear, rambling old Gonzalo, and Clifford Milner's usurper has a way with nastiness and flick knives.

Paul Walker makes Caliban into a Millwall fan: a loud-mouthed thug in leather jacket and chains, who exudes a real sense of menace and, incidentally, speaks his lines excellently. But interest centres on the comics. Ariel is Freddie Garrity, a leaping little figure in white flannels and red pullover, who uses a squeaky falsetto both in speech and song; his energy apparently undiminished since he serenaded us with the Dreamers over 20 years ago. I'm not sure whether a balding Ariel in tortoise-shell specs entirely works, despite the player's zestful goodwill. The respectful audience felt it safe to laugh mainly with the below-stairs characters. The integrity of Jack Smethurst's drunken Stephano, Carmen Miranda hat bearing squeezy plastic lemons to alleviate thirst, is assailed by his Trinculo's inclination to private jokes. But Ray Martine can be forgiven anything. Our answer to Lenny Bruce regards us with sorrowful contempt in which hope has not quite died, alternately coy and cutting, and addresses us with lisping fastidiousness. He has the makings of a great Shakespearian clown, the underdog who can insult outrageously. Mr Martine is in the great tradition of licensed fools who get away with murder. A good start for Salford. Never mind spectacle, bring on the actors. Famous classical theatres should note the priorities.

Coming of Age/South Bank

Richard Fairman

This year marks the 21st anniversary of the Elizabeth Hall and Purcell Room on the South Bank. The building which houses them, a grey and brutally unlovely edifice in one of the capital's prime positions, has become accepted as a permanent and unchanging fixture of the landscape. But inside a quiet revolution in musical fashions has been taking place.

The celebrations on Tuesday (which looked as though they might stretch as long into the night as any other youngster's "coming-of-age" party) set out to drive the point home. There was not one item in the programme that you would have had any chance of seeing on the opening night back in 1967. Either the music had not been written by then; or, if it had, the style of its presentation would, without doubt, have been radically different.

The only conventional choice was Mozart's "Haffner" Symphony No 35 and even that was included as a token representative of the period instrument boom, which has taken off with such momentum in the last few years. Not that it was a very good advertisement for it: the performance by the Orchestra of the Age of Enlightenment under Sigiswald Kuijken was bland in the extreme and with unexpectedly ropy playing. They can do better.

The rest of the programme stretched to all extremes and without much logic in the way the ends had been sewn together. Nevertheless, a welcome can be extended to the return of Jonathan Harvey's *Mortuous Plango, Vivos Voco* (1980), a short and imaginative piece for computer-manipulated sounds; and also to Tippett's *Songs for Dov*, even though the tenor here (Howard Haskin – light, attractive singing) was overpowered by the London Sinfonietta under Andrew Davis.

Earlier in the evening at the Purcell Room the combination of Philip Pickett's New London Consort, performing a selection of medieval Spanish songs, and the Egyptian group Les Musiciens du Nil had produced an even more startling juxtaposition: one group working within a living, inherited tradition of its own, while the other was trying to resurrect music long dead and way outside its sphere of experience. This really was a mixed bag.

Given the nature of the occasion, it was inevitable that something had to be included to show off the Elizabeth Hall's recent and much vaunted conversion to a music theatre and that choice fell upon Birtwistle's *Bow Down* – a still vital mixture of spoken drama, mime, dance and music, which had been a major theatrical draw of last year's Birtwistle festival. It may well show the way the South Bank sees its two smaller halls moving, as they enter that most difficult period: middle age.

SWRB goes East

Sadler's Wells Royal Ballet leaves for an eight-week tour of the Far East on March 15, taking Ashton's *La fille mal gardee*, Samsova's *Swan Lake*, Bintley's *Flowers of the Forest*, Ninette de Valois's *Checkmate* and MacMillan's *Elite Syncopations* to China, Japan, Thailand, Korea and Hong Kong.

The tour is sponsored by Glaxo.

The Spinners' "Final Fling"

Thirty years ago in Liverpool four men formed the folk group The Spinners. They are now on a farewell tour of the British Isles, *The Spinners Final Fling*.

Ending in in Nottingham on December 22, the last week will include a final farewell in Liverpool where the foursome began it all. Tour details from (01) 434 9081.

...INUED ...AGE 21

"The Fat Kitchen" by Jan Steen; part of the Baron de Ferrieres collection from Cheltenham currently on tour

Museums/Susan Moore

Collections in need of a catalogue

Few provincial art galleries can afford to publish catalogues of their collections. Militating against them are not only exorbitant – and unsubsidised – publication costs of catalogues that of necessity have copious illustrations and short print runs, but also the pressures on depleting numbers of curatorial staff who have no time for research. More disturbing still, few seem to have time to catalogue their collections at all.

Of the 308 museums and galleries in south east England responding to a survey by the Museum Documentation Association last year, 27 per cent stated that more than 90 per cent of their holdings were catalogued. Only 9 per cent of those catalogue entries were deemed up to current standards. There is no reason to suppose that statistics differ elsewhere.

This alarming lack of basic documentation is not confined to provincial institutions. At the Ashmolean in Oxford, a university museum, large areas of its world-class collections remain uncatalogued even to basic checklist level. And not even a summary checklist exists for, say, the British Museum print room making it impossible to look up its two million items. The system largely relies on folk memory. While the published BM catalogues are of exemplary academic standards the intervals between them appear to increase. It seems poor public service.

Cataloguing is undoubtedly the unglamorous side of museum work. To many museum directors and curators high-profile temporary exhibitions offer a more attractive option. Certainly it is much easier to find sponsors for exhibitions than for routine catalogues. University museums have found it fruitful to arrange sponsored loan exhibitions that also provide definitive catalogues of certain aspects of their collections. Provincial museums find it virtually impossible to attract sponsorship at all.

Prejudice against provincial museums and galleries still persists, in spite of efforts by the National Art-Collections Fund to bring to public attention the nation's lesser known riches, and the publicity given to the discoveries made regularly in museum basements. It is often only quantity rather than quality that distinguishes national and local collections.

The 17th century Dutch and 19th century Belgian paintings bequeathed by Baron De Ferrieres to Cheltenham Art Gallery in 1899 – the subject of a newly published catalogue – provide excellent witness. The four best works in this permanently exhibited but unsung collection – Gabriel Metsu's freshly observed "A Man and Woman at Wine," a pair of lively low-life genre scenes by Jan Steen, "The Fat Kitchen" and "The Lean Kitchen," and a Gerrit Dou self-portrait – are as fine examples as one would find in any national gallery. Other star turns are an fine interior by Baron Leys, and topographical works by Adriaens Eversen and Cornelis Springer.

Moreover, the Belgian pictures form the only such group in a public collection in this country. Documented collections reveal the second Baron's taste to have been conservative, typical of the collections formed in Brussels in the 1830s and 40s in its preference for highly finished early 19th century or contemporary works of pleasant, undemanding subject matter. In its modest way, it also echoes that of the Prince Regent who made the most of the upheavals caused by the Napoleonic Wars by securing a distinguished collection of 17th century Dutch genres.

A catalogue of Cheltenham's foreign school holdings, including the Baron's founding bequest of 43 paintings, was long overdue. It proved most economical for the gallery to commission Christopher Wright, an art historian specialising in Dutch and Flemish painting, to research and write the catalogue. Three quarters of the costs had to be raised from outside sources, friends' activities, gifts from the Charles Robertson Charitable Trust and the Johnny Van Haeften Gallery, and an invaluable subsidy from the Marc Fitch Fund repayable over two years.

At £20 the catalogue looks expensive compared with exhibition-linked London catalogues, though the gallery published it under its imprint to cut costs. Though not entirely successful, it was purposely designed to be of use to scholar and layman alike. There are colour plates, usually large illustrations of all the works, and information has been divided so that the general reader can bypass any boring bits.

To coincide with the publication of the catalogue the de Ferrieres paintings have embarked on a national tour. This is the eighth exhibition curated by Christopher Wright that has drawn from the rich sources of Old Master paintings in provincial collections. Attendance figures dispel any myth that the general public is not interested in Old Masters. Some 88,000 visited the Dutch paintings in Yorkshire collections in Leeds in 1982, for example, and 900 came to see the de Ferrieres pictures here in Leicester on its first Sunday.

Despite under-funding and staffing, a number of regional museums and galleries have richly contributed to the wider appreciation of our national heritage, although they have only scratched at the surface of what could be done. Their achievement in staging popular exhibitions, and finding funds to produce catalogues aimed not only at fellow art historians, deserve to make some national museum directors and curators sleep uneasily in their beds.

"Dutch and Belgian Paintings from Cheltenham Art Gallery" continues at Leicestershire Museum and Art Gallery until April 8, it moves on to the Mead Gallery, University of Warwick Arts Centre on April 25-May 21, *the Dulwich Picture Gallery, London*, May 30-July 17 and the Brighton Art Gallery & Museum, July 26-August 28.

Tokyo Quartet/Wigmore Hall

David Murray

Alert and unanimous as ever, the Tokyo String Quartet played a solid programme to a full house on Tuesday: the Mozart D minor, K. 421, the late Beethoven op. 127 in E-flat and the imperishable Debussy. The tensile strength of this team's playing goes with taut tone and (especially from the leader) constant, urgent vibrato – not, one imagines, to everybody's taste; but their exact blend and attack are always impressive, and at the service of sharply intelligent readings.

In Mozart one half-expected them to be prickly. Not at all: they maintained a suggestive *sotto voce* in both the outer movements which compelled attention, and they observed Mozart's careful qualifications to his "Allegro" markings so as to keep the sense of sober, unhurried argument. Limpid Andante; well-pointed Menuetto. Their Debussy is familiar, and went this time with a lively grace (and some ravishing colour-effects) that left no room for quibbles except, perhaps, in the opening *Animé*, where they rose so forcefully to climaxes that a hint of hysteria intruded.

The particular achievement of the evening was, however, their Beethoven. Though the grand chords that usher it in had terrific intensity, every movement developed with a depth and composure that one hasn't always associated with these players. Their extreme finesse had no sharp edges; the jokes and dramatic reversals of the scherzo were impeccably brought off without jabs. Best of all was the final movement, with what seemed an unbroken, utterly steady pulse: the voices unfolded and flowered so naturally that the consummate pre-planning there must have been was indetectible. This was quartet-playing of a very high order.

The Philadelphia Opera

Andrew Porter

The Philadelphia Opera, which used to be a somewhat ramshackle affair, became serious some years ago when Margaret Everitt was appointed its director. (Four big American companies, Chicago, Boston, the New City Opera, and Philadelphia, are now directed by women, and three, Los Angeles, Kentucky, and San Diego – also St. Louis until recently – are directed by Brits.) Miss Everitt combined popular attraction – the Luciano Pavarotti competition, and Pavarotti's presence – with higher ideals. In 1981, I admired Philadelphia's *Mosè*, a serious, noble account of Rossini's opera, in marked contrast to the all-star but frivolous *Donna del Lago* (subsequently seen at Covent Garden) that Houston brought out the same season.

Last year, there was a memorable *Death in Venice*: very different from the Piper-Graham production but not less impressive; William Lewis was a potent Aschenbach. And a *Boris Godunov* built around an early Pavarotti prizewinner, Paata Burchuladze, which presented the first, stronger version of Mussorgsky's opera. (The Met plays neither first nor second version, but a conflation.) So there are reasons that draw New York opera lovers down to Philadelphia. Getting there is easy, on the smooth, swift 6 o'clock Metroliner. Getting back means the slow milk train, scheduled to arrive in New York around 3am but in my experience always late.

The opera plays in Philadelphia's famous Academy of Music, a three-tier horseshoe house, built in 1857 and modelled on La Scala. It packs 3000 people in too tight for comfort but successfully for acoustics and fair intimacy. But the Philadelphia Orchestra and the Philadelphia Ballet also perform in the Academy, and so the Opera can secure it for only two performances of each production: wasteful procedure this, designing, building, rehearsing new productions and dropping them after two showings! However, Riccardo Muti is moving the Philadelphia Orchestra into a new concert hall, being designed by Pietro Belluschi, and then the opera will have a fuller use of the Academy.

This season began with *Tosca*. Then *Peter Grimes*, Lewis in the title role. Then Boito's *Mefistofele*, the third production in a "Faust cycle." (Gounod and Berlioz have already been done; Busoni is due, and there are plans to commission a new, modern treatment of the legend.) Walter Legge's laconic diary entry, when he heard Shalyapin as Mephisto at Covent Garden in 1926, was "*Mefistofele*. What an opera!!! Surely *the* worst!!" And Ernest Newman wrote of Boito's "semimusical gift that rarely rises above the mediocre and generally dips a point or two below it."

Yet people go on doing *Mefistofele*, and people go on enjoying it. It can't just be because Boito himself was an interesting, complicated, and (because of the *Otello* and *Falstaff* libretto) an important figure. Yet I never hear *Mefistofele* without thinking even *less* of it than before. Even the three relatively good numbers – Faust's "Dai campi" and "Giunto sul passo," Gretchen's "L'altra notte" – turn dull unless great artists sing them. The rest is an incompetent libretto set to laboured lame music.

Mefistofele was not one of the company's best shows. Gilbert Lesser's two-dimensional constructivist set of criss-crossed metallic slats grew dull. Thomas Fulton was a solid conductor. Bernard Uzan's production was plain "blocking" in bare scenes where Faust said "Let's sit on this rock" and there was nowhere to sit; or exclaimed "A cavalier!" only to be confronted by a burly monster with a shaven silver poll and hairy forearms, wearing a topless black-and-silver evening gown.

Hampered by this unhappy costume, Burchuladze could not be much of a presence. There are splendid sounds in his voice, but his delivery was blunt, not incisive. Franco Bonanome, the Faust, has a clean ringing tenor, but nothing much between *forte* and "marking," and a way of firing off high notes unrelated to anything else. Diana Soviero, the Gretchen, always an efficient soprano, was here also a moving one. There was a large chorus, well trained by Michael Korn, and Alleyish choreography by Judith Jamison.

CBSO/Birmingham, Radio 3

Andrew Clements

The visits of the City of Birmingham Symphony Orchestra and Simon Rattle to London are invariably events – imaginative, scrupulously prepared programmes that have previously been performed at least once on home territory. The works which they bring to the Barbican tonight (and afterwards take to Leeds and Cheltenham) were presented to the Birmingham Town Hall audience on Tuesday *in a concert also heard on Radio 3.*

Alfred Brendel's account of Beethoven's Fourth Piano Concerto was its centrepiece, showing a pianist far more at ease and in control of his playing than his series of Schubert recitals suggested in London three months ago. Volatility was allowed a place only in the first-movement cadenza, which raced away; the remainder of the first movement was exquisitely poised, with Brendel assuming his most ingratiating manner.

Rattle and the CBSO accompanied this Apollonian account with tact and assurance, ceding the spotlight entirely to the soloist. The works framing the concerto, however, displayed them at their most extrovert brilliant. *Petrushka*, in its 1947 version, was the latest addition to the orchestra's Stravinsky series this season; Rattle's view marvellously fused lithe, authentically balletic tutti and minutely characterised solo episodes, with the Birmingham wind principals always tautly primed. It felt, too, a palpably Russian account, with the ghosts of Rimsky, Chaikovsky and even Musorgsky some*times disturbed.*

Despite its title, Lutoslawski's Third Symphony is essentially an orchestral showpiece, perhaps the most effective (indeed perhaps the only) one to have entered the repertory in the last decade. Rattle realised its effects, its tingling alliances of percussion and wind, with predictable precision, but could do little to mitigate the work's cosy formalism in its early stages. The closing pages however, emerged with convincing weight, shored up by the infallibility of the orchestra's brass; if doubts remain about the symphony's genuine stature, it undoubtedly remains a spectacular showcase for world-class orchestras of the CBSO's character.

Arts guide

February 26-March 3

Exhibitions

LONDON

Tate Gallery. Douglas Cooper – The Masters of Cubism. A small but choice selection of 81 works on paper from Cooper's collection of cubist art of all kinds but principally of the work of the great quartet of Picasso, Braque, Gris and Leger. Ends April 4.

Tate Gallery. Young Turner: Early Work Until 1800. The latest in the continuing series of small temporary exhibitions in the Clore Gallery devoted to the many aspects of the vast number of water-colours and drawings in the Turner bequest. This display covers the crucial 12 years or so from the mid-1780s which saw Turner mature with astonishing rapidity from competent conventional topographist to a virtuoso of the medium of water colour of astonishing breadth. Ends March 20.

Tate Gallery. David Bomberg – A full retrospective of one of the most distinguished British painters of the century, yet one whose secure critical success came only after his death in 1957, at the age of 66. As a young man in London before the First World War, Bomberg was associated with the Vorticist movement, of the first importance and originality. But now we can see that far from fading into sad mediocrity, deserving of neglect, his later work, though superficially so different, retained all that strength, liveliness and profound originality.

PARIS

Grand Palais. Zurbaran. From New York, an exhibition of 72 paintings retraces the artistic development of one of the great masters of the Spanish Golden Age. Influenced at first by Caravaggio's chiaroscuro technique, Francisco Zurbaran progressively abandons the strongly-contrasted rich colours for a softer palette with near monochromes. Reversing the perspective, using geometrical composition settings and shedding everything superfluous, the mystical painter of the counter-reformation seems to be a precursor of cubism. (42560934). Ends April 11.

Musée d'Orsay. Van Gogh in Paris. To mark the centenary of Van Gogh's two-year stay in Paris, a period which proved a turning point in his artistic development, the Musée d'Orsay has assembled more than 50 of his paintings and a dozen of his drawings from national and private collections. By hanging landscapes and still life by Monet, Anquetin, Renoir, Toulouse-Lautrec and Signac next to Van Gogh's work, the exhibition brings out their influence on the transformation of the Dutch artist's traditionally sombre colours into a soft impressionist palette underlined by contrasts of blues and oranges, reds and greens. (45 49 48 14). Closed Mon. Ends May 15.

Petit Palais (Centre Georges Pompidou). Le Dernier Picasso 1953-1973. By placing the last 20 years of Picasso's work in the context of contemporary art, the 95 paintings, 34 drawings and 70 engravings exhibited permit a fresh approach to the controversy caused by contradictory judgements on the ageing painter's feverish creativity. (42 77 12 33). Closed Tue. Ends May 16. Winterhalter and European Courts from 1830-1870. A retrospective of the painter of graceful feminine beauty around the thrones of France, England and Belgium. (42 65 12 73). Closed Mon. Ends May 7.

ITALY

Rome, Villa Medici (French Academy). A Certain Robert Doisneau. Photographs spanning the 40 year career of Doisneau, from his touching and evocative Paris street-scenes of the immediate post-war years to a series of portraits of well-known writers and artists. Tender but unsentimental in the images of children and lovers among the rubble of the bombed city, Doisneau is illuminating, humorous, and unmalicious in his portraits: Picasso in 1952, sitting with splayed hands on the lunch table, but with bread rolls where the fingers should have been; Prevert posed carefully in front of the shop Meroda, so that the O is covered; and Colette with an enormous collection of paperweights. Ends April 3.

SPAIN

Murcia. The Romantic Tradition in Contemporary British Painting proposes that a parallel development to Modernism has embraced most major British artists since William Blake and that it is as alive today as 150 years ago. This is the first exhibition to undertake such a re-examination and the first group exhibition of contemporary British painting to tour Spain. It features 10 artists and 36 works from private and public collections, some being shown for the first time. Sala de Exposiciones. Ends March 3. Circulo de Bellas Artes, Madrid. March 10 to April 17.

NEW YORK

Metropolitan Museum of Art. Every phase of Fragonard's art is included in this, the first comprehensive exhibition of his works that capture France in the last decades of the ancien regime. With 90 paintings and 136 drawings, the show comes from the Louvre with his studies of contemporaries in theatrical costumes as well as paintings like The Fête at St Cloud and The Seesaw. Ends May 8.

WASHINGTON

National Gallery. The human figure in early Greek art is the subject of 67 sculptures and painted pottery starting in the 9th and 8th centuries BC with silhouetted stick figures and ending with the naturalism perfected in the 5th century BC. Ends June 12.

TOKYO

National Museum, Ueno. Preliminary Paintings for Edo Castle. Recently discovered watercolours and working drawings by artists of the Kano School for a remodelling in the 1830s or 1840s of the shogun's castle, where beautiful paintings decorated the sliding paper doors and ceilings. The idealised landscapes flow effortlessly from panel to panel, with an abundance of seasonal flowers, birds and animals. Of particular interest are the sketches for the Pine Corridor, setting for one of the more violent incidents in Japanese history (portrayed in countless plays, films and soap operas), but here revealed for the first time as an idyllic riverside scene replete with swooping birds. Ends March 21.

Japan Folkcraft Museum (Nihon Mingeikan), Komaba. Prints by Munakata Shiko; pottery by Kawai Kanjiro. A special exhibition featuring works by two of the leading Japanese artists of the 20th century. Munakata's prints are dynamic and vertiginous (possibly because he was near-sighted from his youth onwards); while Kawai's distinctive style favours brightly coloured glazes. Don't miss the superb standing collection of crafts from all over Japan, housed in a replica of an old farmhouse building which is in perfect harmony with the un-selfconscious beauty of the objects. (Ends March 27).

Saleroom/Antony Thorncroft

Contemporary caution

Sotheby's had a fairly routine sale of modern British pictures yesterday. The morning session totalled £332,584 with 18 per cent unsold, suggesting that when quality is absent so are buyers. This is a market which should have suffered from the Stock Market crash because City types were starting to acquire 20th century local artists. Perhaps the high unsold percentage implies that some of them are now having more cautious thoughts.

The top price was the £15,950 paid by the London dealer Richard Hagen for a view of Concarneau with its sardine fishers by William Lee-Hankey. The price was around double the estimate. Another surprising price was the £13,200 which secured a couple of watercolours by Munnings which show pigs getting into trouble under the theme "Satan finds mischief for idle hands to do." The top estimate had been £2,500.

The dealer David Messum bought "Gathering foxgloves" by Dame Laura Knight for £16,500 and "Painting on the beach," a small oil by Dorothea Sharp for the same sum, both going for well above forecast. "Roses in a glass vase" by Cecil Kennedy also sold for £10,450.

The major London salerooms are having a remarkably quiet time at the moment, mainly because they are now running fewer but bigger sales. But some vendors are holding off to see what effect the financial uncertainty will have on prices. Few people seem to be forced into selling.

On March 28 in the evening Christie's is holding an important auction of Impressionist paintings. In the past Sotheby's dominated this market but, in London, at least, Christie's seems to have gained the initiative. As well as the Manet of the laundry maids, which could make £3m plus (as against a highish 2,300 guineas when sold by Sir William Eden (father of Anthony Eden) at Christies in 1918, there is a Modigliani portrait of Marios Varvogils, the Greek composer, unusual in that the sitter is clothed and male, which should exceed £2m. Another "sculptural" painting by Modigliani "Cariatide" which could reach £1.5m, is also in the sale. It combines the artistic influences of African and Romanesque art.

Fantin Latour is growing in popularity. An indication of his current appeal is a beautifully observed basket of flowers which carries a top estimate of £800,000. When it last appeared at Christies, in 1963, it made just 9,000 guineas. There are two more works by this artist in the sale.

A small oil on copper by Miro, one of only six paintings executed by the artist on copper in 1935-36, carries a £500,000 top estimate. It was bought in 1937 by the critic Douglas Cooper, one of the first experts to appreciate Miro. His collection is currently on show at the Tate gallery.

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The future of Rover

IN REACTING to the proposed purchase by British Aerospace of Rover Group, the state-owned car manufacturer, the Thatcher Government needs to be clear about its own objectives. These are to return Rover to the private sector in a way which makes financial and commercial sense for the taxpayer and the company.

Although BAe has been given exclusive negotiating rights until the end of April, this should certainly not imply a refusal by the Government to entertain rival offers after that date. Other purchasers, after all, might meet the Government's objectives more fully than BAe. There has been a hint in ministerial statements this week of the old obsession with "national champions." It is no part of the Government's function to act as cheer-leader for an all-British solution which may suit the Rover management but is not necessarily in the best interests of the company as a whole.

These warnings are particularly relevant because of the special character of BAe. It is the prime aerospace contractor to the Ministry of Defence and it receives launch aid from the taxpayer for civil airliner projects. There might well be an assumption in the minds of shareholders and the public that the Government would not allow difficulties arising from its investment in cars to threaten the viability of BAe itself. Hence the Government must not only satisfy itself that a BAe-Rover deal makes commercial sense, but must also distance itself from any hint of sponsoring this particular deal or of continuing support for the cars business.

Company's prospects

The profitability of Rover has improved over the past two years and the management believes that the recovery will continue to the point where, in a few years' time, a public flotation could be envisaged. It is for the Government to weigh up the advantages of an early sale against the possibility of a higher price later; part of the calculation will be the debt write-offs which, as in earlier privatisations, will be substantial. In view of the risks and uncertainty associated with keeping the company in public ownership, both political and financial considerations probably favour an early sale. The Government thought so two years ago when it considered selling the business to Ford; the argument is just as strong today.

If the recovery is as strong and as soundly based as the Rover management and BAe apparently believe, there is every reason for the Government not to confine the bidding to a single British buyer. Ministers do not have to second-guess the management of BAe or to assess the wisdom of its proposed investment to the motor industry. But as an interested owner, conscious of the continuing importance of Rover in the British engineering industry, it needs to be able to weigh the company's prospects in BAe ownership against alternatives.

Overseas reaction

It would be quite wrong, for instance, to exclude the possibility of selling Rover to a foreign company which might provide the company with more relevant technical and marketing support than BAe could do. As the overseas reaction to this week's announcement showed, the British Government is beginning to acquire an almost French-like reputation for seeking British solutions to industrial problems: the antagonism of Ministers to the attempt by Scandinavian Airline System to take an interest in British Caledonian is a recent example. Strengthening British competitiveness is unlikely to be achieved by a purely nationalistic restructuring process, even less by encouraging the merger of leading British companies into potentially unwieldy conglomerates.

Quite apart from the Government's role, a large responsibility lies in the hands of BAe's shareholders. If the two companies and the Government reach agreement on the terms of a deal, the shareholderrs in BAe will be asked to approve a startling change of direction hy the aerospace group. This is an example of a takeover proposal which has to be judged in the context of the acquiring company's long-term strategy, and the shareholders must be prepared to make that judgment.

Priorities for the Budget

IT CAN BE taken for granted that Mr Lawson will announce significant, but not irresponsible, tax cuts to the Budget on March 15. The important issue, therefore, is how he distributes the largesse between and within sectors of the economy.

Many commentators have assumed that tax cuts should be exclusively reserved for the personal sector. Such a policy must appeal to Mr Lawson, the populist. But what of Mr Lawson, the economist? When domestic demand is expanding rapidly, private savings are at an historic low and the balance of payments is deteriorating, there is a strong case for directing tax relief towards producers, not consumers.

Such consideratione are reinforced by microeconomic analysis. The burden of taxes has shifted rapidly from consumers to companies in recent years. Corporate taxes are expected to raise ebout £14.5bn in 1987/88, more than a third of the income tax yield; when Mrs Thatcher took office taxes on companies were yielding less than £4bn, or less than a sixth of income taxes.

Tax thresholds

The rate of corporation tax, at 35 per cent, is well above the basic rate of income tax. The gap is admittedly not as great as under Labour, but then Mr Lawson has scrapped incentives for investment. He also refuses to recognise the still significant impact of inflation on corporate profits. Part of a cut in corporate taxes might be lost in higher pay awards, but it would certainly do more for investment than further reductions in income tax.

Turning to individuals, it is assumed that personal tax relief must take the shape of cuts in the basic and higher tax rates. But a significant increase in the threshold of taxation ought to be a higher priority. This would give proportionately greater relief to low-paid workers, many of whom should not have been drawn into the income tax net.

It is doubtful whether cuts in top tax rates will significantly improve economic performance. (Much worse disincentives persist at the bottom of the income pile due to the withdrawal of means-tested welfare benefits). But given the Chancellor's determination to move in this direction, he should ensure that cuts in marginal tax rates for the well-off are balanced by other restrictions so that they continue to pay the same overall proportion of their income in tax. The most obvious device would be to restrict personal allowances and special concessions, snch as mortgage interest relief, to the basic rate of tax.

The Chancellor could strike another blow for fairness by gradually raising the ceiling on employees' national insurance contributions. Outright abolition of the ceiling would be difficult because it would raise the burden on middle-income taxpayers who would not gain significantly from reduced top rates of tax. NICs could also be levied on unearned as well as earned income. Both moves are best seen as a prelude to full integration of income tax and national insurance.

Corporate perks

Mr Lawson should also wage a fiercer war against corporate perks. The single most important step would be to make national insurance payable on substitutes for income such as company cars. But he could also raise the scale charges, tighten the policing of the regulations and consider higher taxes on companies that make excessive use of perks. Share options are one concession that deserve close inspection.

Modernisation of the tax regime for husbands and wives is an urgent necessity. Two years ago Mr Lawson favoured fully transferable allowances for spouses. His green paper got a poor reception. Rather than contemplate an administratively complex half-way-house, such as partially transferable allowances, the Chancellor should opt for fully independent taxation of spouses. He should aim gradually to phase out the married man's allowance and introduce equal hut non-transferable tax allowances for partners.

The Chancellor should note that transferability will no longer do anything for the poverty trap. The impact of higher tax allowances for poverty trap families would be offset by reduced benefits, because benefits are now based on net-of-tax income. Specific costs faced by some, but not all, married couples (such as the expense of child rearing) should be the concern of benefit offices, not the Inland Revenue.

Nick Bunker explains why BAT's bid for Farmers Group insurance company in the US has been followed by an eerie calm

Mr Leo Denlea, chairman of Farmers Group: "Our people are unique. To bring in outsiders just would not work."

Content to wait and see

THIRTY blocks east of Beverly Hills, the Buicks thump past palm trees shading a bright, white, art-deco office building. Farmers Group — the insurance company with headqnarters there — is as southern Californian as the Santa Monica freeway.

Store-fronts run hy Farmers agents dot the shopping malls of suburbs in the San Fernando Valley. The company's roots are deep and very local. Yet Farmers Group — America's third largest motor and household insurer — is now the target of the biggest takeover proposal the world insurance industry has ever seen.

Six weeks ago, it rejected a $4.2bn (£2.36bn) offer from BAT Industries, the UK tobacco group, which wants to expand into US financial services. That should be the end of the matter, says Mr Leo Denlea Jr, Farmers' chairman. "Reporters call me up and I tell them, quite honestly, that as of now *nothing* is going on."

That is not the whole story. True, the companies have only exchanged letters, with BAT hinting it might raise its terms above the current $60 a share, while Mr Denlea has reiterated that Farmers is not for sale. Yet Farmers has been forced out of its shell and BAT appears content, at the moment to play a waiting game, allowing pressure to build np. Thongh huge — Farmers insures 5.6 per cent of American private cars — it has traditionally fought shy of Wall Street. Betraying some inexperience, it convinced security analysts at recent meetings that Mr Denlea is simply posturing to attract a higher offer — the opposite of the impression he intended to create.

With First Boston and Morgan Stanley, its investment bank advisers, Farmers has apparently settled for a low-key strategy of gradually persuading shareholders that its special strengths would be dissipated hy BAT. That looks naive to Wall Street observers wondering when shareholders' lawsuits will start to hit *Farmers because of its refusal* of BAT's terms. Its biggest shareholder is thought to be a Philadelphia money manager, Miller, Anderson and Sherrerd, with 5.4 per cent. Analysts believe perhaps 65 per cent of its common stock is with similar institutions, which may not wish to forgo BAT's cash. And, says a senior official of another big Californian insurer: "There have to be arbitrageurs just waiting to surface."

Nor can Mr Denlea expect much help from insurance regulators. BAT will need prior approval for the takeover from insurance commissioners in nine states where Farmers Group companies are domiciled. The process can be long — a year perhaps in Texas, if Farmers fights hard. But state regulators stress that their duty is to protect policyholders from the possibility of asset stripping by an acquirer, not to shelter incumbent managements.

Yet Farmers Group can still deploy powerful arguments against takeover — springing from a central question about BAT's proposal. Just what can a diversified British tobacco-based multinational really add to Farmers Group? BAT'e knowledge of the US is profound and it says it would leave the group's management in place — but over time it *would have to make its presence* felt. Yet a vast cultural divide separates Farmers even from BAT's US operations (in tobacco, paper and retailing) and its record as an independent company is impressive.

Since the 1970s, Farmers has produced an average annual return on equity of more than 18 per cent — far better than the mediocre results of most US insurers. There are three reasons

- In its 13,500 sales agents, it has a highly motivated distribution network, which it has worked hard to perfect.
- It has always focused closely on selling household, motor, life and small business insurance west of the Mississippi. "We don't want our agents to be jacks-of-all-trades and masters of none," says Mr Albert Fulton, the group'e treasurer. "We are a niche business — though it is kind of an enormous niche," says Mr Chuck Shultz, a senior vice president.
- Instead of carrying insurance risks itself the group acts as manager for a series of "reciprocal exchanges" made up of individual policyholders who in effect insure each other just as if they were members of a mutual company.

None of the three elements by itself is unique to Farmers. But the combination is special.

The story goes back to 1927, when Mr Thomas Leavey and Mr John Tyler, both from western ranching backgrounds, founded the first Farmers Insurance Exchange in Los Angeles, to provide motor insurance cover for farmers fed up with paying high prices based on city dwellers' poor driving records. They created an insurance company with a uniquely advantageous structure. Acting only as manager of the exchanges, remunerated by a fee, *it is insulated* from the notoriously violent cyclical ups-and-downs in US insurance company profits. It is also one of a handful of American property/casualty insurers which have solved the industry's critical problem — that most of the 3,500 companies sell identical products, channelling competition into fierce price wars.

Farmers Group strategy has been closely akin to that of its chief competitor, the Illinois-based State Farm, a highly-efficient mutual with 15 per cent of the American motor market. Both companies built huge forces of direct salesmen operating far more cheaply than the independent brokers or agents which sell policies for mainline eastern companies like Aetna Life and Casualty, or the Hartford Insurance Group. Typically, Farmers Group management expenses and agents' commission consume 20 to 25 per cent of motor premiums, and around 30 per cent of those for home-owners. Big eastern insurers, which use independent agents, have expense ratios well into the thirties on both motor and household business, which builds an inherent competitive disadvantage into their pricing structure.

Such is the cohesion of Farmers' sales force that only 8 to 10 per cent of agents leave each year. One explanation is that new recruits to Farmers undergo nine months' spare-time training before they are appointed. If they graduate, their commission earnings can be staggering. In Orange County, south of Los Angeles, nine out of 40 Farmers Group agents grossed more than $150,000 last year.

Yet at times the Farmers Group niche mentality has bred defects, which it has tried to correct. In the 1960s and 1970s earnings growth masked flaws such as obsessive expense control which frightened off middle managers. "We were called Farmers and we were run like a bunch of farmers," recalls one executive. To counter tendencies to introversion, Farmere in 1986 appointed Mr Denlea as chairman. The first non-insurance person and the first New Yorker ever to lead it, he had worked as a global business troubleshooter for Mr Nelson Rockefeller and as chief financial officer of Pacific Lighting, the Californian electric utility.

BAT believes it has identified other problems. Mr Patrick Sheehy, BAT's chairman, says he could drive more life insurance sales through the agency force and would help Farmers Group expand beyond the 26 states where it now writes business. But there is evidence that Farmers has been wise to tread carefully. Territorial expansion in the US can be much tougher than it looks. The group's last entry to a new state was to Ohio in 1980. But Ohio still contributes only about 1 per cent of the group premium. "You can't just take Californians and put them down in the Mid-west," says Mr Denlea. He plans to enter Tennessee this September as a gateway to the Deep South, but says it could take five years to be a big player there.

At the moment the ball lies in BAT'e court, but it has more to think about than the simple question of whether and when to raise its offer. "Our people are Farmer-ised. They're unique. To bring in outsiders just would not work," says Mr Denlea. He is overstating his case — but BAT has yet to show just how much it can add to Farmers.

THURSDAY BOOK REVIEW

The Economics of Health Care

By Alistair McGuire John Henderson and Gavin Mooney

Routledge & Kegan Paul: Hardback £20.00 Paperback £ 8.95

IN A recent Commons debate Sir Rhodes Boyson, the Tory MP and former *headmaster*, declared that the Government should "put the market in control" in health care because this policy had already proved successful in other areas of the economy. Sir Rhodes has a habit of articulating — somewhat bluntly — the inner convictions of his colleagues. Yet his challenge is a fair one: why should Ministers flinch from creating a free market in health care?

If you crave a philosophically satisfying answer, this is the book to consult. The anthors, health economists at the University of Aberdeen who have since moved to new pastures, go to some pains to explain why the market "fails" in this politically-sensitive arena. In doing so, they draw out the unique characteristics of health care as a commodity.

Their starting point is the obvious, hnt often unnoticed, fact that health has value in use but not in exchange. You can be ill or well, but you cannot trade your good health (or lack of it) for something else. A free market in health is thus technically impossible.

A free market in health *care*, however, is theoretically possible. But it is fraught with difficulties, which is why governments in all developed countries, including the US, intervene heavily in this market. One of the main problems, according to Messrs McGuire, Henderson and Mooney, is that while people demand good health, they do not, except in trivial cases, demand health care products as such. They rely on experts — doctors or other health care professionals — to tell them what kind of treatment they require.

The suppliers of health care thus play a central role in determining its demand: they translate the crude wish for good health into precise demands for care. The principle of consumer sovereignty, the notion that individuals know what is best for them and can rationally select products best meeting their *needs*, is a *non-starter* in medicine. Yet it is the bedrock of market economics.

The constraints on consumers' notional freedom of choice are threefold. In the first place, patients lack the knowledge to act as responsible decision-takers. Second, they are likely to be ill or anxious when required to make their "utility-maximising" choice. Third, even after the event, they will rarely know whether their treatment was appropriate — they might have recovered anyway or they might have recovered quicker with an alternative treatment.

These are not mere technicalities. Levels of treatment vary widely in different countries. In the US, where for-profit private treatment predominates, many operations are much more common than in the UK (hysterectomies, for example, are three times as frequent). Harriet Harman, the Labour health spokeswoman, has pointed out variations within Britain: "a women in *a private hospital*," she said in a recent Commons debate, "is twice as likely to give birth by Caesarian section as her counterpart in the NHS."

Nobody, of course, suggests that doctors operating privately lack medical scruples. It is just that in an industry where, according to McGuire, Henderson and Mooney, "enpply-side responses dominate resource allocation," activity is likely to rise if payment is directly linked to work done.

The figures show that doctors' ability to "induce" demand for their services is better constrained by NHS budget controls than by any other system of health care provision. Even Professor Alain Enthoven, the guru of the "internal market" much favoured in government-circles, accepts that a shift to privete insurance would nearly double UK health care spending as a proportion of GDP.

The problem with private medicine, however, is not just that consumers are unahle to exercise normal market disciplines on suppliers. It is that ethical considerations assnme much greater significance than in other industries. People may eccept that the rich man has a right to a better car, house and holiday than the poor man; but should he also have a right to better cancer treatment?

Many economists think not. Indeed, as McGuire, Henderson and Mooney explain, one approach is to regard access to health care as a citizen's right, like access to the ballot box or the courts of justice. Viewed this way, it is obvious that access should be wholly independent of income or wealth.

The NHS, of course, does not achieve this degree of equality. But at least it operates on the principle of equal access for equal need. This is not a characteristic of any private insurance system. Indeed, the proponents of privatisation of health in the UK explicitly argue that this will facilitate "topping np": they think individuals should be able to purchase more and better health care if they so desire (and, one might add, if they can so afford).

This book's great strength is its determination to tackle issues from first principles. But readers may be disappointed that, while strong on theory, it is weak on specific policy recommendations. One can assume that the authors would stoutly oppose Sir Rhodes Boyson's recipe for the NHS. Some discussion of the reforms required at the margin would, however, have been timely.

Michael Prowse

OBSERVER

Succeeding Sir Zelman

■A new Chairman of the Press Council is due to be appointed shortly — probably within the next few weeks. He will succeed Sir Zelman Cowen who, until recently, has had a fairly quiet job and done it rather well. He found no difficulty in combining *it with being Provost of Oriel College*, Oxford and indeed the appointment is not intended to be full-time.

Cowen steps down towards the end of the year and the normal channels are at work finding a successor. Those channels, however, are not very open and the joh may be abont to become much more important than it has been for some years.

The reason is that press standards have again become a subject of public and Parliamentary debate. Mr Tim Renton, a junior minister at the Home Office, hinted last week that if the press could not put its own house in order, the Government might have to do it for it. Also a new Broadcasting Standards Authority is about to be set up, mainly to deal with questions of sex and violence on television. Thus the whole issue of censorship of, or self-restraint by, the media is under discussion.

The Press Council is the body set up by the press to monitor itself. It has very few powers save *to issue condemnations of what it* judges to be malpractices, which nowadays some of the offending newspapers print only on very obscure pages, hence appearing to undermine the Council's authority.

Article three of its constitution says that the Chairman must be otherwise unconnected with the press. The front runner for the succession is thought to be Lord McGregor of Durris, currently Chairman of the Advertising Standards Authority and Chairman of the last Royal Commission on the Press from 1975-77.

One would not question his qualifications in any way. Yet the post has a habit of going not to the front runner but to some worthy but relatively obscure academic. Dr Anthony Kenny, the retiring Master of Balliol, must be a possibility.

That is why it is desirable that the discussion about the appointment should be more open. The post might even be advertised. Currently the choice rests with a small group of members within the Press Council. It is not exactly (sorry to say this) a metropolitan organisation.

A few suggestions are being made from outside: Sir John Harvey-Jones, the former Chairman of ICI, Louis Blom-Cooper, the lawyer and writer, or Baroness Blackstone, the Master of Birkbeck College, London, for examples. But it would be surprising if any of them penetrated to the Selection Committee.

"They should only let Aerospace have Rover if they also agree to buy the Health Service."

Exchange of fire

■The fire which broke out on the roof of the Stock Exchange yesterday went unnoticed at first by most of the staff inside. As smoke billowed from the 26-storey building one broker, Scott Edwards, working inside, heard the news when a friend telephoned him to point out the fire engines to the street. "No alarms went off. We were quite busy at *the time so kept on working*," he said.

Not far away, on being told that the Stock Exchange was alight, people wondered whether that meant it had gone up or down a few hundred points.

No-one was hurt.

Theft-proof cars

■The Consumers' Association admitted yesterday to thinking twice about whether to use a Fiat Panda in a demonstration of how easy it is to break into cars.

Fiat had threatened legal action about a critical report on the Uno in the association's magazine Which?. The car giant was angry at a sample survey of 95 owners which it claimed was too small. Discussions appear to have eased matters, but you can never tell.

Only this week the makers of a television commercial for Fiat *were spotted filming on the steps* of the old Liverpool law courts. The scene involved reporters crowding an apparently successful litigant who drives off in the new Fiat. Could this be an omen? Yesterday's demonstration in an underground car park, witnessed by Home Office Minister, John Patten, was soon over as the "thief" showed how he could open some car doors in two seconds using a strip of sprung steel to slip the lock. The Panda caused him most problems and took 10 seconds.

Patten, who announced that the Rover Group was designing a "thief-proof concept car" took no chances with his own vehicle — which is, in fact, a Rover.

Professor Volcker

■Paul Volcker, the towering former chairman of the Federal Reserve, has spent seven months debating his next move. Torn between offers of high salaries on Wall Street and a more sedate life in academia, he has chosen to return to his alma mater, Princeton University.

Volcker will enter the Woodrow Wilson School as the Frederick H *Schultz Professor of International* Economic Policy, a disappointment to Harvard which apparently made a big play for his eervices. The market in Volcker futures remains bullish: university teaching will still allow the ex- Fed chairman to play his role as a consultant-ambassador within the international financial community.

Money into wine

■The French yesterday paid a handsome tribute to the British. The Madame Bollinger Foundation, one of whose objectives is to foster the highest standards of education in wine, is to be based in London. That is not only because the late and long-time President of the House, Madame Bollinger, liked Britain; it is also because her euccessors have recognised the country as the flag-ship market for quality wines.

At the same time, Christian Bizot, her nephew and current Bollinger President, handed over a cheque for £30,000 to the Institute of Masters of Wine, which was previonely voluntarily funded and has acquired an international reputation. Bizot pledged that more is to come.

The occasion was celebrated by drinking Bollinger 1984 Vintage en Magnum.

Sleep tight

■A psychiatrist in San Francisco told a patient that there was absolutely no reason for her to be afraid of thunderstorms. "They're perfectly natural phenomena," he said, "so next time one wakes you up, just do as I do — bury your head under the pillow and wait for God to stop being angry."

ECONOMIC VIEWPOINT

An ABC of the balance of payments

By Samuel Brittan

THE DINOSAURS been having a field day. First, there has been a return – at least among the commentators – of the "Budget judgment". That is the piece of economic crystal gazing which was supposed to decide how much the Chancellor should "take out of" or "put into" the economy, irrespective of mundane phenomena such as revenue and expenditure.

Secondly, there has been a return of the balance of payments obsession of the 1950s and 1960s. The January trade figures have been greeted with delight by the dinosaurs, who are saying in unison: "No tax cuts please, we're British." But even the Barclays de Zoete Webb economists, who coined this slogan, concede too much to British masochism in talking about tax cuts. For a large part of any so-called cuts will be necessary simply to prevent the tax burden from rising automatically as incomes rise – the notorious fiscal drag.

Since anything that can be misunderstood will be misunderstood, the rest of this article is devoted to making clear exactly why I part company from the balance of payments school – which does not mean that I believe in ignoring this indicator. One should not throw eway any economic information, but interpret it sensibly.

There are three propositions to note:

● The trade figures are not only volatile but far more volatile, and frequently revised, than people realise.

● Even after revision, the official estimates of the current balance of payments are probably wrong to an important extent.

● A genuine current deficit, voluntarily financed by private investment inflows only matters (a) if it reflects Government borrowing to finance its own consumption, or (b) if it is a symptom of inflationary pressure.

The present deficit, to the extent that there is one, is clearly not a sign of excessive Government borrowing but may well be a symptom of inflationary pressure, best tackled by monetary means.

The Government is indeed open to criticism, not at all for contemplating some tax remissions, but for failing to reinstate a medium-term monetary strategy, which in current British conditions can only be done convincingly in tha context of a clearly stated exchange rate objective, most probably linked to the European Monetary System.

Day-to-day action to keep sterling near DM3 to the pound is inadequate if bnsiness decisions are made on the assumption that sterling will slip to accommodate wage inflation in the medium term.

So much for the executive summary. If there is any area where Murphy's Law (if anything can go wrong it will go wrong) applies, it is the UK trade figures.

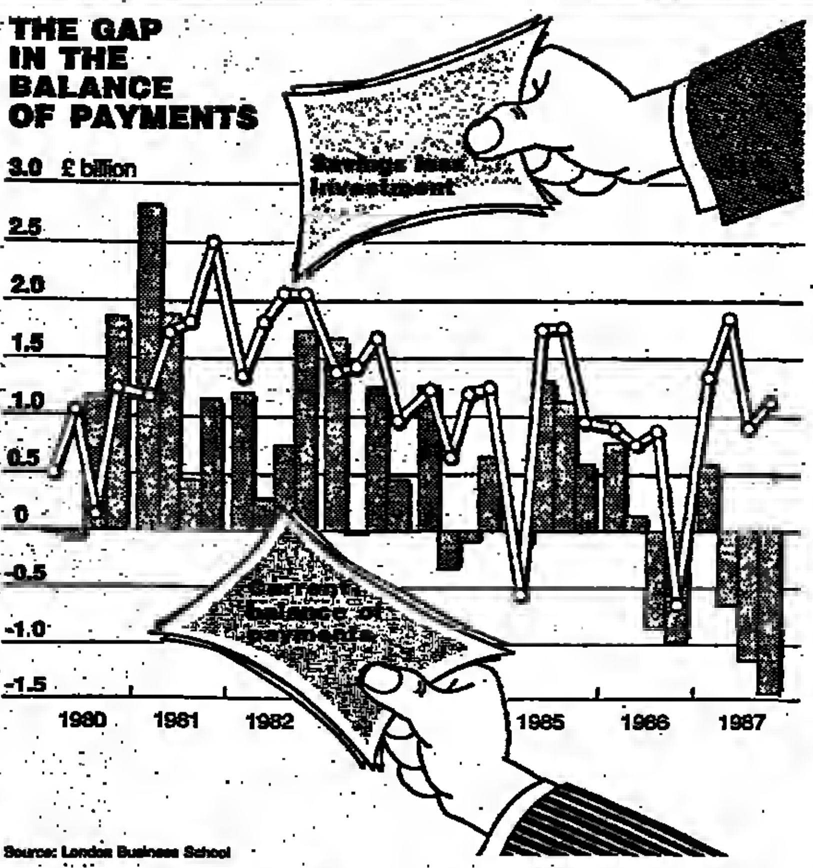
Even before the new EEC procedures, the monthly figures were enormously erratic. A current deficit of £873m – nearly as large as this January's £905m – was reported last August, while in September, the balance apparently swung back into surplus. Nor are the quarterly figures less erratic. The trend needs to be taken over at least e year.

Why bother to resist inflationary pay claims if you think devaluation will come to your aid under the next Chancellor?

There is a long history of the British economy being short-changed by conscientious, scrupulous and overpessimistic balance of payment statistics. After the 1967 devaluation, the current deficit was for a long time overstated until the discovery in 1969 of "missing" exports hitherto unrecorded. A contributory factor to Labour's loss of the 1970 election was e bad trade figure reflecting a bulge in the arrival of ships and aircraft.

The deeper error relates to the gap in the official figures even after all the revisions. This the famous "balancing item", which shows unrecorded overseas receipts of £6.8bn for the last available year.

The nature of this gap is shown in the accompanying chart. As an uncontroversial matter of definition, the current balance of payments equals the difference between domestic savings and domestic investment. But as the chart shows, savings have exceeded investment during nearly all the period the recorded balance has been reported to be in deficit.



Source: London Business School

Of course, the error may be in the savings-investment figures; bnt the existence of the black hole in the international balance of payments – through which the world appears to have a deficit with itself – is one reason to suppose that a large part of the error is in the overstatement of the UK current deficit. Another reason is the difficulty of recording invisible earnings and investment income.

If only half of the balancing item is attributed to an underrecording of overseas earnings, then the £5bn current deficit which is the consensus forecast for 1988-1989 becomes £2bn or less than half of e percent of GDP.

The more fundamental reminder provided by the chart, however, is that the counterpart of a current deficit is a surplus on capital account. The besetting sin of most balance of payments discussion is to ignore the capital account. Yet there is no reason to aim for a zero current balance unless one wants to forbid all net international investment flows.

What matters is the growth of a country's net capital stock (usually called less informatively net wealth). Unfortunately, however, capital stock or wealth estimates are far too unreliable and erratic to form the basis of short-term or medium-term fiscal policy.

But a reasonable practical approximation is that the national bndget should be in rough balance in normal times. The big difference between the US payments deficit and the supposed British one is that the former has its counterpart in excess Government borrowing and the latter does not.

If overseas borrowing reflects free decisions by the private sector, rather than excessive government borrowing, then no policy action is required. At present there is an international shortage of creditworthy borrowers. But if and when overseas investors are no longer willing to invest in the UK et current rates of return then the UK private sector must take the consequences in the shape of less borrowing or higher interest rates. A tax on consumer credit may be the least bad form of paternalist intervention available, but it is paternalist all the same.

There is, however, one all-important qualification. Leaving aside January's freak figures, and excluding oil and erratics, export volume has been rising by 4½ per cent over the last year and import volume by 11 per cent. Whatever the true level of the current balance, and however suspect the estimates, there has been an adverse shift.

Is it dne to declining competitiveness? Relative costs moved in favour of the UK in 1986, a movement only partially reversed in 1987. The share of UK *exports in world trade has actually* recovered since 1984; and even the rise in import penetration seems to have slowed to a crawl.

An alternative explanation relates to comparative growth rates. The Treasury maintains that growth has been abnormally slow overseas, while tha London Business School maintains that it is on trend.

If the UK were simply growing faster than other countries on a non-inflationary basis, this would present few problems. The worst that could happen would be that Britain's terms of trade would have to deteriorate gradually, which could be accomplished just as well by slower inflation (this would reduce prices relative to competitor countries) as by exchange rate depreciation.

I doubt, however, if such explanations adequately explain the trend rise in imports relative to exports. Taken in conjunction with all the other indicators of domestic spending, it suggests that domestic demand is rising at an excessive and inflationary rate.

On the last count Nominal GDP was rising by at least 9½ per cent per annum, and the latest signs suggest it has not slowed down. One should avoid a dogmatic view on how rapid a real growth rate the economy can sustain. But there need be no hesitation in saying that a 9½ per cent growth of nominal demand which is far above the Government'e own projection, is far too fast, and that some inflationary pressures are, for the time being, syphoned off into imports.

How the depreciation of sterling, recommended by the National Institute, which is inflationary in its implicetions, can help with this inflationary problem beats me. But not only me. For it does not work, on the institute's own simulations.

The variant with no tax cuts, and devaluation announced by fiat, shows a near-elimination of the payments deficit, but at the cost of near zero growth by the early 1990s and 7 per cent inflation. Another variant, with lower interest rates sdded, does not eliminate the growth recession, but raises the expected inflation rate well above 7 per cent (in my view an underestimate), and is associated with a continuing recorded payments deficit of between £3bn and £5bn.

How then can the growth of demand be reduced to a non-inflationary rate? A scholastic argument abont monetary aggregates or credit is not too helpful.

A monetary policy aimed at keeping sterling at around DM3 is, in principle, correct. But day-to-day actions are not enough. Whatever Bismarck may have said, words matter, not just blood and iron.

The policy of linking sterling to the D-Mark is enormously weakened when there is no assurance that it is here to stay and the general assumption is that sterling will depreciate in the medium term.

Why bother to resist inflationary pay claims, if you think that devaluation will come to your aid under the next Chancellor, if not before?

Every time that Mrs. Thatcher denies that there is a sterling link to the D-Mark or thet there is an exchange rate target, there is an addition both to the probable unemployment rate and to the probable inflation rate. This is not a gibe, but the product of hard analysis, which could be presented in algebra if it would make anyone feel better.

The tragedy is that if monetary and exchange rate policy are not put on a long-term foundation by the time of the Budget it will be too late to do so – it almost is already.

For once sufficient inflationary pay increases bave occurred it then becomes irrational *not* to validate them by depreciation. The trick is to prevent them occurring.

It all looks like a sad missed opportunity – but not for the fiscal fine-tuning reasons given by the economic establishment.

Lombard

The illusions of synergy

By Christopher Lorenz

STUDY AFTER study of the success or failure of acquisitions has demonstrated that the supposed "synergy" of most radical diversification proves illusory. Much more often than not, such takeovers end in costly tears.

There is an equally tall mountain of evidence of the dangers of weakness, in several senses, of diversification-by-takeover. A weak company trying to diversify its way ont of trouble clearly runs considerable risks. But so does a strong predator which swallows a weak prey; only takeover specialists such as BTR and Hanson have a near-unbroken record of success with snch moves, and they steadfastly avoid diversifying into bnsinesses whose characteristics are radically new to them.

The proposed takeover of the Rover group, Britain's state-owned car manufacturer, by British Aerospace falls into all of these traps, and more.

A set of further questions is raised - "begged" might be e better word - by the British government's admiring reference to the recent moves which Daimler-Benz and General Motors (GM) have made into aerospece and electronics.

The sight of one's much stronger competitors moving headlong in e particular direction is undoubtedly a powerful influence on any international minnow, be it BAe or Rover. There is also no doubt thet the aerospace industry's experience with advanced electronics and new materials will have growing application in other transport industries, including motor vehicles, over the next few decades. But the main initial effects will be on up-market car marques such as Mercedes, rather than on suppliers such as Rover. And in an age of all-pervasive joint ventures and collaboration agreements there may be several ways short of full takeover to accomplish the necessary joint investment and technology transfer.

Even in the case of Daimler, the strongest recent acquiror, expert opinion is split about whether its move was wise. Nearly three years after its takeovers of AEG, Dornier, and Motoren & Turbinen Union, suspicion lingers thet they were motivated as much by business-political considerations - keeping tbe three companies German, and intact - as by industrial "synergy".

Daimler itself has warned repeatedly that the payoff will be exceedingly long-term, emerging from e wide range of collaborative research and development projects - some of which have yet to be defined. Meanwhile GM is demonstrating, with customary American public agony, how difficult it always is to digest unrelated acquisitions. Even Saab, which has had over 40 years experience of cross-breeding aerospace with high-tech cars (inside a unified corporate culture, something all the others lack) stresses the difficulty of achieving this, and the inordinate time it took.

Instead of looking towards the glamorous bnt distant goal of Saabian synergy with an aerospace maker - a suitable strategy at present, if at all, only for more up-market suppliers - Rover's prime strategic focus should be on the medium-term strengthening of its prodnct development and distribution capability. This would be best served either by reinforcement of its existing alliance with Honda, or by a renewed look at the option (if it still exists) of a takeover by Ford; when the US-owned giant made overtures in Rover's direction two years ago, the Thatcher government recoiled in the face of a parliamentary revolt.

Even more dubious than the logic for Rover is the real attraction of the deal to BAe. Rover's production strengths have been cited, but then BAe itself already has similar expertise. A strengthening of its electronics interests would seem far more logical than embracing a high-risk car maker.

But if it wants an acquisition to belp transfer its advanced materials technology to motor vehicles, it should buy a strong component maker. Much of the action in materials will be in components, not assembly.

Letters to the Editor

Emotions affect petrol demand

From Mr William Hakes.

Sir, Andrew Gower's article on projections of oil supply and political stability in the Middle East (February 25) reminds me of the predictions for $100 a barrel of oil before the end of this century. In the early 1980s, the petroleum industry believed that prices would always increase. That did not prove to be the case – as attested by the disappearance of or damage done to many well-known names in the industry.

A prediction of supply stability must assume that everyone believes that a closure of the Straits of Hormuz would not affect world supply by even the slightest amount. As soon as governments and general industry make a conscious effort to maintain 100 per cent fuel stocks, and every individual decides that the petrol tank must be kept filled, an increase in demand will follow.

Projections of any kind contain a risk, but projections in the petroleum market can have little bearing on the real world when the emotions of demand play such a volatile and critical role.

William G. Hakes,
27 Ernle Road, SW2

Poverty is a relative concept

From Mr Simon Taylor.

Sir, Samuel Brittan suggests (February 22) that society might be rich enough to "provide a tolerable minimum income that is still well below average or median earnings." But this may be forever unattainable, because notions of a decent income tend to be a function of tha average income, the two rising together. Poverty remains an irreducably relative concept, and so there is little chance of the proposal ever being realised. Instead there will always be pressure to keep benefits of all sorts down to "incentive-compatible levels," as at present. Any departure from this principle would entail a rather more revolutionary change in attitudes than I suspect Mr Brittan envisages.

Simon Taylor,
Department of Industrial Relations,
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Houghton Street, WC2

French steps taken in the right direction

From Mr Roland King.

Sir, The French government's efforts to reduce bureaucracy and simplify the procedures for establishing a new business have not yet had the full effect one would wish to see ("French red tape still excessive," February 9).

Nevertheless, tha fact should not be overlooked that in 1967 a total of 212,000 new companies were set up in France. There has been tremendous improvement towards simplification of company creation/modification procedures.

Between 1981 and 1986, local "Centres de Formalités des Entreprises" were established in all French departments (counties). These centres collect on one single document all the declarations previously sent to the tax authorities, to the trade registrars, to social organisations, and others.

If the company applying for registration in France supplies the reqnested information and documents abont its planned activities, its owners, and other relevant information, these Centres de Formalitiés now make it possible to start business in France within a relatively short time – in Versailles, for instance, a couple of weeks. However, procedures concerned with the Treasury's authorisation relating to foreign investments may still be taking too long.

Roland E. King,
Franco-British Chamber of Commerce and Industry,
8 Rue Cimarosa,
75116 Paris,
France

DoE feet drag over planning applications

From Mr M.A. Nothard.

Sir, You report that Government ministers are to launch "a determined attack on local authorities over the mounting delays in dealing with planning applications."

Ironically it is the incredible delays in the Department of the Environment which are holding up the development of this particular Borough, as e result of which jobs are not being created and we are losing rate income.

Many in this borough would dearly love to see an Urban Development Corporation established as a means of reducing these delays; unfortunately we are the wrong side of Watford.

M.A. Nothard,
Dartford Borough Council,
Civic Centre,
Home Gardens,
Dartford, Kent

Third world debt questions remain

From Mr John Willman.

Sir, In April 1987 the Fabian Society published an analysis (scarcely reported) of the third world debt crisis and its consequences for UK banks.

In May 1987 came the "surprise" announcement, by Citicorp, of greatly increased provisions for bad debts in the third world. Almost immediately, the drastic increase in bad debt provision recommended by the the Fabian report became commonplace. The Midland Bank loss merely sets the seal on what is now standard banking practice.

Commentators are falling over themselves to congratulate the management of the "big four" banks on their new realism. Yet this belated recognition of reality begs a number of important questions

First, how have bank auditors been able to endorse accounts as true and fair when exposure to third world debt has been so underestimated? More precisely: what happened between February 1987 and February 1988, which was not apparent *long before* February 1987, which justified *such a leap in bad debt provision?*

Second, if banks accept that they may not get back more than 70p in the £1 on these loans, why should third world countries go on paying interest at western rates on every £1 borrowed?

Third, little has been done to help resolve the debt crisis apart from accounting adjustments. Unless the developed countries can offer third world countries a way out of the debt crisis, more and more will refuse to continue payments. Soon, 30 per cent bad debt provisions could seem very unrealistic indeed.

John Willman, *Fabian Society,*
11 Dartmouth Street, SW1

Integrating Europe requires growth by competition, not acquisition

From Mr H-J. Ruff.

Sir, Readers who have ducked for safety from the cross-fire between Mr De Benedetti and Mr Leysen over control of Société Géneral de Belgique could easily miss seeing what Europe may be like after their war is over – aspecially if Mr De Benedetti wins.

Your Lombard column characterised succinctly two opposing views on Mr De Benedetti (28 January): "Ultra cynics see him as a respectable industrialist turned arbitrageur, raiding his way to riches, even if...he gets embroiled in industrial management along the way. Others see him as the visionary he claims to be, building a trans-European holding company with the political and financial clout to support a set of industrial and financial sub-groups, each with their own strong business logic."

Far from sewing the industrial and commercial seams that will help integrate Europe, the activities of Mr De Benedetti, and others motivated similarly, have a damaging effect on those working towards 1992 and a more united Europe. The reason is that he is not pursuing his corporate growth ambitions through indigenous corporate expansion along the path of international competition.

Instead – and in the face of essentially stagnant or weak growth in market demand – corporate expansion is being achieved along the line of least resistance: through acquisitions. In this way many barriers to entry into foreign markets, both natural and man-made, are being side-stepped. No attempt to reduce or dismantle them – an effort undertaken in the movement towards an integrated Europe – is being made.

Damage done to European integration by growth through acquisition, rather than by competition, also occurs because these enormous conglomerates operate, at the centre, more like bureaucracies than efficient economic enterprises (regardless of any good intentions to the contrary). In such an environment there is more scope for the vagaries of politics and personalities, rather than business logic, to determine direction and drive.

Hence integration – the gift of competitive international free trade – goes by the board. Instead a fragmented European market is allowed to persist. In this market greater profits can most easily be achieved by collusion and restrictive practices orchestrated by those who, like Mr De Benedetti, have European-wide – but centralised – control.

The envigorating oxygen of competition currently blowing through European economies like the UK and France will probably not combat this. Instead, the political encouragement of small enterprises is likely to enrich the conglomerates' profits as these small businesses feed on (or are fed to) powerful giants whose ranks, in some countries, have recently been swelled by privatised monopolies. In this way dualism – prevalent, for example, in the Japanese economy – will be accentuated.

So far from promoting integration, the overall effect will be to add to the existing crisscross of divisions that scar the body of Europe.

H-J. Ruff,
25 Boulevard Jean Jaures,
78400 Chatou,
France.

FINANCIAL TIMES

Thursday March 3 1988

Paul Betts talks to François-Xavier Ortoli, Chairman of Total, France's giant oil company

The hidden charms of Europe

"THERE IS nothing more irritating, but at the same time more exalting, than Europe," says Mr François-Xavier Ortoli, the chairman of Total Compagnie Française des Pétroles, the French oil group.

Seated in his cosy office in Total's Paris headquarters, discretely tucked away in the chic residential district of Auteuil, Mr Ortoli comes over as a prudent optimist. He believes that Europe is waking up to the fact that it "cannot escape the world."

Mr Ortoli previously served as a minister under presidents De Gaulle and Pompidou, and as president of the European Commission. In 1984, he was chosen by the Socialist Government to head the French oil giant, which is 35 per cent controlled by the state. He brings a particular European, and French, viewpoint to a truly international industry.

"Europe is a grand concept and many people feel it as such," he said. "But what Europe contributes in practical and positive terms is a whole series of routine decisions without glory, like the harmonisation of standards, the *rapprochement* of legislation and other technical matters whose poetry, charm and romanticism are often hard to perceive."

For Mr Ortoli the European Community's plan to build a unified market by 1992 will provide two big steps forward for European industry. It will have a psychological impact on company managements, causing them to look beyond domestic markets, while giving them a larger and more stable base from which to build up longer-term industrial strategies and investment plans.

For this reason, he said, it was crucial for Western governments to work out a more secure and uniform international monetary system. "The unified market of 1992 will provide the freedom for European companies to invest. But companies must also be able to make reasonable anticipations before adopting bolder investment strategies."

Mr Ortoli believes that Britain will ultimately join the European Monetary System (EMS). "I am a pseudo-Cartesian and I therefore maintain that *l'evidence s'impose toujours* (the obvious always imposes itself)."

However, he added that the point to watch was that the inevitable did not occur too late, because Europe had neither the power nor the market to afford a disunited currency front.

He has long been a keen supporter of the European Currency Unit (Ecu). Indeed, Total has started reporting its consolidated annual figures in Ecus.

Mr Ortoli believes that European business has not sufficiently recognised the negative consequences of a fragmented European market. But he said that, even in France, where industry has traditionally adopted a more provincial and chauvinistic approach to markets, companies had finally realised that "the world may be dangerous, but it is unavoidable."

His strategy at Total during the past few years has been to strengthen the group's operations in its traditional oil and gas sectors by reinforcing its presence in the North Sea, the US and the Middle East.

He has sought to strengthen his company's links with Arab oil-producing countries. Abu Dhabi, one of Total's principal partners in the Gulf, recently bought a 5 per cent stake in Total. This acquisition coincided with other moves by oil-producing countries, especially Kuwait, to take stakes in Western oil groups.

Mr Ortoli welcomed the Abu Dhabi investment but he acknowledged that "there is also behind these moves the idea that things are changing in the oil industry and that new games are likely to be played."

Of all the big international oil companies, the French group has been perhaps the most vulnerable to the dramatic changes which have hit the industry during the past decade. The group had grown rich on its abundant supplies of Middle East crude and developed a large downstream refining and distribution network. But the oil shocks of the 1970s and the subsequent slump in the refining business proved traumatic for Total.

Over an 10-year-period, the company saw its annual oil supplies fall from 80m tonnes to around 40m tonnes. Its financial performance also suffered: in 1982 it reported a loss for the first time in its history — of FFr1.07bn ($188m). But it expects to be back in profit in 1987 with net income of about FFr1.5bn.

Considerable restructuring has taken place, especially of the refining activities (last year, for example, the refining and petrol distribution operations in Italy were sold) and Mr Ortoli said Total was now "financially solid."

He wants to use this solid base to acquire and develop reserves in politically and economically safe regions, and has so far spent about $300m acquiring reserves in the US. He has also invested in the Middle East, obtaining stakes in fields in Yemen and Syria. In the North Sea, Total recently acquired a 5 per cent stake in Saga, the Norwegian oil company. Given a chance to make a major acquisition, the company is ready to splash out up to $1.5bn.

Mr Ortoli's strategy is to concentrate Total's operations on its traditional bread-and-butter business of exploring and producing oil and gas — apart from the Middle East and the North Sea, the group is a major producer in Indonesia and is developing its operation in Argentina. He is also keen to maintain Total's activity in various related sectors.

For example, he is considering building up the group's presence again in the chemicals field, as well as maintaining interests in gold, uranium and coal.

"In a nutshell, our strategy is to be present in the different sectors where the oil game is played," he said.

But Mr Ortoli's biggest headache remains the loss-making refining and distribution business. While Total pursues its efforts to return its downstream operations to profit, the French company, like other Western oil groups, is worried about the growing impact of refined products from Gulf oil-producing countries.

Total, with other European refiners, is involved in the European Community's negotiations with the Gulf countries over opening up the European market to these new downstream producers. Mr Ortoli stressed that it was in no one's interest, including that of Middle East oil producers, to compromise the European refining industry's efforts to return the industry to more normal economic conditions.

"The Gulf countries must think very carefully about this issue," he said. "We must not find ourselves in a paradoxical system whereby, on the one hand, we try to maintain oil prices at a stable level to guarantee profits all round, and at the same time we think it is perfectly normal to undermine these efforts by flooding an already over-supplied market with new products."

François-Xavier Ortoli: Europe is waking up to the fact that it cannot escape the world

Venezuela to finance smelter with debt equity swap

BY JOSEPH MANN IN CARACAS

VENEZUELA is to apply the largest single Latin American debt-equity swap on record to cover a major share of the $624m to be invested in a new aluminium smelter, according to Mr Celestino Martinez, president of Alcasa, a Venezuelan aluminium producer that is one of the partners in the venture.

The swap — worth more than $300m — is the first major deal of this kind to be carried out in Venezuela. Alcasa (Aluminio del Caroni), Austria Metall and Pechiney have agreed to build a smelter with production capacity of 180,000 metric tonnes per year.

Alcasa will hold 30 per cent of the shares in the venture, to be called Alamsa, while Austria Metall will have 40 per cent and Pechiney 30 per cent.

The smelter, to be located in the Ciudad Guayana heavy industry centre, will use Pechiney technology for converting alumina into aluminium.

Alcasa is majority owned by the Venezuelan Government while Reynolds International of the US is a minority partner.

Under a debt-equity swap, a foreign investor can purchase Venezuelan Government debt at a discount on international markets and redeem the obligation at face value in Venezuelan currency to cover part of an approved investment in the country.

The Government has foreign debt totalling around $25bn, and established a debt-equity swap programme last year.

Details of the aluminium swap operation have not been made public, but the Government has said it will redeem foreign debt at 100 per cent of face value for this type of operation.

The recent offering price for Venezuelan government debt was less than 60 per cent of face value, according to an international banker in Caracas.

The Government is planning to approve other major swaps in coal mining and petrochemicals.

THE LEX COLUMN

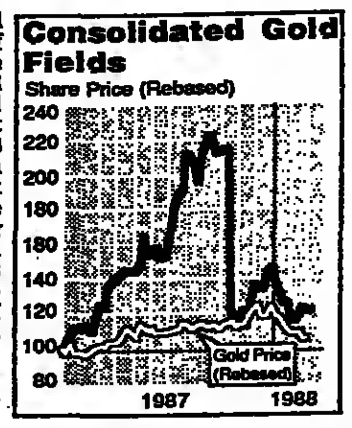
Opec's bleak mid-winter

Yesterday's fall in the Brent oil price to the uncomfortable side of $14 is inflicting remarkably little pain on the shares of the once oil price sensitive exploration and production sector. At current sterling oil prices of less than £8 a barrel — slightly lower than the average price in the black summer of 1986 — nearly all the oil *independents* are making losses. Yet the sector is worth three times as much as it was that summer, as bid-happy investors perversely reason that if high oil prices are good news because they boost asset values, low prices are also welcome because they weaken the sector's defences.

The $18 oil price average for 1988 on which the valuations of Britoil and Tricentrol were based already looks too high. Both demand and supply are moving in the wrong direction: the mild winter has taken care of demand growth in the first quarter, while both non-Opec and Opec producers have continued to pump oil. Meanwhile Opec has been cutting prices to its favourite customers, thereby succeeding in frightening the futures market.

While the present over-supply does not on its own suggest a price as low as $14, the market is concentrating on what will happen next month when this month's unseasonable stockbuild will be reversed, and when some of Opec's floating storage starts to head towards the market. As usual, all depends on Opec discipline, unless it cuts its production, which is still just within quota, the result will be nasty. However, talk of a $10 oil price is not just premature, but alarmist — Opec has been there before and does not want to return.

Consolidated Gold Fields



Markets

Yesterday's move through 1800 by the FT-SE100 had a mystic significance for believers in round numbers, but there may be more to it than that. As it happens, the 850-point fall in the week of the October crash left the index just below the 1800 mark, and this is the first of many attempts since then to succeed in closing above it. There seems to be more to this than glib talk of a pre-Budget run-up; Wall Street has been staging a modest rally for three weeks now, and London's nerve has been firming in response. Last week, average volume was 15 per cent up on the previous two weeks, and yesterday five stocks — BP, Plessey, British Aerospace, British Gas and Hanson — had turnover of almost 80m shares between them.

The results season, too, is turning out at least as good as expected, with a string of companies from ICI and Unilever stating flatly that they see not the slightest sign of recession in their markets around the world. Forecasts for corporate earnings now suggest that last year's 20 per cent growth might be followed by 15 per cent this year. This could well be reversed later, but confidence should continue to creep back in the meantime.

None of this is inconsistent with a bear market. A fall as severe as October's is bound to be followed by an exploratory rise, and whereas the FT-SE is now 16 per cent off the bottom, it is still 26 per cent short of last year's peak. In the pattern of a real bear market there would still be plenty of scope for recovery before the final decline. There is nothing rationally foreseeable to justify that, but there is also the nagging feeling that the crash has not yet been quite explained away either.

Gold Fields

Consolidated Gold Fields may well have earned more money from construction materials in its first half than from its traditional mining interests, but its commitment to the yellow metal is brighter than ever. It is in the throes of increasing its gold production by some 60 per cent over the next four years, and is clearly unimpressed by arguments that coming from the world's second largest gold producer after Anglo American, all this new capacity could seriously damage the price of its main product.

Its confidence is based on its undoubted position as one of the world's lowest cost gold producers. Although it is rapidly reducing its exposure to South Africa, the mining costs of Gold Fields of South Africa are half the local average, and its new Chimney Creek mine in the US is producing gold at $130 per ounce against the $200 average for the US. With these sorts of production cost cushions and the added advantage of having longer life mines, Gold Fields can ride out the current weakness in the gold price, which is due to a combination of oversupply and the continued absence of any resurgence in worldwide inflationary pressures.

However, Gold Fields' obvious success in internationalising its gold business has probably made it more rather than less vulnerable to a predator. Mr T. Boone Pickens' raid on Newmont Mining last summer and his more recent attack on Homestake Mining have indicated the scale of the speculative interest in non-South African gold mining properties. Even if Gold Fields is not worried about the gold price it should be worried about its lowly market capitalisation of £1.7bn.

Composite insurers

The two schools of thought on how composite insurers should be valued each found plenty to support their opposed positions in yesterday's fine results from Commercial Union and General Accident. The yield school was particularly pleased with a 23 per cent rise in the CU payout and the promise to keep up the good work on dividend increases in the future, and although some thought 25 per cent from the stronger General Accident a bit mean, the general bullish principle seemed confirmed.

The earnings school, on the other hand, looked beyond what was a good year for both companies, and found some cause for alarm. General Accident, the first to call the turn in the underwriting cycle at the beginning of this decade, yesterday seemed to be saying the present conditions — outside the UK — could not last. However it would take a monumental fall in the North American market to spoil what is becoming an embarrassingly positive picture at home. If Commercial Union managed to make UK underwriting profits of £2m last year even after the effects of the hurricane, householders may be right to raise an eyebrow next time their premiums rise.

Nato affirms need for nuclear arms

BY ROBERT MAUTHNER DIPLOMATIC CORRESPONDENT AND DAVID BUCHAN IN BRUSSELS

THE SIXTEEN NATO heads of state and government yesterday strongly underlined the continued need for nuclear weapons to enable the Alliance to deter aggression.

In a detailed statement setting out Nato's position on conventional arms control, the Nato leaders said that the Soviet Union's military presence in Europe, at a level far in excess of its needs for self-defence, directly challenged Western security and hopes for changes in the political situation in Europe.

The statement echoed a vigorous appeal for a robust Alliance defence posture by Mrs Margaret Thatcher, the British Prime Minister.

While conceding that "the courageous reform policies" of Mr Mikhail Gorbachev, the Soviet leader, deserved the West's support, she said there was still a long way to go before the underlying nature of Soviet society was changed.

The apparent change of heart on the part of Moscow on some external issues such as Afghanistan, should not blind people to its unchanged aims in Europe, she said.

Moscow favoured the denuclearisation of Europe so that it could exploit its superiority in conventional arms for political ends "to intimidate and overawe some nations."

A distinction had to be made between Soviet rhetoric and reality. The reality was that there was no evidence of a slowing down in the modernisation of both Soviet conventional and nuclear weapons, since Mr Gorbachev took office in 1985.

As concrete examples of the Soviet modernisation programme, Mrs Thatcher said that by the mid-1990s, virtually the entire Soviet strategic forces in place in the mid-1980s would have been replaced by new or modernised systems; 650 fourth generation fighter aircraft had been deployed by Moscow over the last five years; one new Soviet submarine was being deployed every 37 days; and Moscow had made over 90 space launches last year for military purposes.

Both Mrs Thatcher and the statement stressed that the existence of a conventional arms imbalance in favour of the Warsaw Pact was not the only reason for the presence of nuclear weapons in Europe.

The Nato countries would continue to be threatened by Soviet nuclear forces of varying ranges.

Parity between Nato and the Warsaw Pact in conventional forces would bring about greater stability, but only nuclear weapons would present a potential aggressor with an unacceptable risk, a point also strongly underlined by President François Mitterrand of France.

A final compromise had still not been reached last night on the controversial issue of short range nuclear weapons stationed in Europe.

Mr Helmut Kohl, the West German Chancellor, went out of his way to emphasise that Bonn opposed the denuclearisation of Europe, a nuclear-free zone in Europe and the total abolition of battlefield nuclear weapons.

Details, Page 2; Vienna talks, Page 3

Guillaume defends French food groups

Continued from Page 1

own firms. For them, it's a very profitable move."

His comments follow a flurry of foreign bids for French companies in the food sector raising doubts about France's capacity to resist such efforts.

The country's major edible oil sector was the latest target two weeks ago. Mr Bernard Dumon, chairman of Groupe Saint Louis, the country's second largest sugar group, said then that he was forced to sell his company's Lesieur unit to Gruppo Ferruzzi of Italy after the Italian group had begun building up a 12 per cent stake in Saint Louis.

"It is never pleasant to see a French firm falling under control of an Italian group," Mr Guillaume said. "I would rather have French companies devour Italian ones."

In other well-publicised takeovers before the Lesieur sale, the Canadian beverages conglomerate, Seagram, acquired Martell, the French cognac company. The French chocolate manufacturer Poulain was also bought by Cadbury-Schweppes of Britain.

Benedictine, the liqueur manufacturer, is currently at the centre of a battle between Remy Martin and the Italo-Swiss drinks company Martini e Rossi.

Stock market sources have cited other drinks firms, such as Grand Marnier liqueur, Pernod-Ricard and champagne house Taittinger as potential targets.

Some leading French food industrialists have recently voiced concern that domestic firms were defenceless.

Mr Antoine Riboud, chairman of France's largest food group, BSN, urged the French Government to take legal measures such as those which he said existed in Japan and West Germany to protect French firms.

"For the moment, in the event of a takeover, companies which have not taken any precautionary measures...are literally blindfolded, with their backs against the wall."

Honda to hold talks with BAe on Rover

Continued from Page 1

before the end of April. The relationship we have been enjoying with Austin Rover will not be affected by the announcement."

Honda was informed of the BAe plans several days ago.

Over the last 10 years Honda and Austin Rover, the volume cars subsidiary of Rover Group, have developed a unique collaboration in the world automotive industry. Any change in the ownership of Rover has major implications for the future of Honda's European operations.

At the same time few in the European motor industry believe Austin Rover could survive as a volume car producer without a far-reaching collaboration with another major international car maker.

Austin Rover's new model programme has drawn heavily on Honda's engineering expertise. At the same time Austin Rover is producing cars for Honda in the UK while Honda reciprocates for Austin Rover in the Far East. The arrangement allows Honda to increase its European market share without infringing import quota restrictions.

"We don't think thet there will be any significant changes in the future relationship," Mr Iida said. "We have been discussing for 10 years what would be the most appropriate form of collaboration for the two companies. We would continue discussing this with the new owner of the group."

The relationship with Austin Rover represented "a very important factor in our strategy for Europe."

Honda had been "sounded out generally" on its attitude to a privatisation of Austin Rover. On the question of Honda taking an equity stake in Austin Rover or Rover Group Mr Iida said: "We have not discussed that question seriously yet. So far we have always said we would study this if such a question were to be raised concretely."

Honda and Austin Rover are now poised to complete their biggest co-operation to date with the launch of their second 50/50 development venture.

Mr Iida said Austin Rover would be producing 30,000 to 40,000 of the cars a year. It will have 80 per cent European content and will therefore be excluded from any import quota restrictions.

Michael Smith adds: BAe said last night that if it struck a deal with Rover shareholders would be invited to a meeting to vote on its approval.

The statement followed speculation that the company could avoid a meeting because the cash paid to fund the deal could be small in relation to BAe's size.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	12	54	Dubrovnik	S	9	48	Malta	S	13	55	Rhodes	F	14	57
Algiers	F	12	54	Edinburgh	C	5	41	Manchester	C	3	37	Rio de Ja	-	-	-
Amsterdam	F	5	41	Faro	R	11	52	Manila	-	-	-	Rome	S	10	50
Athens	C	12	54	Florence	S	10	50	Melbourne	S	26	79	Salzburg	Sn	-2	28
Bahrain	R	23	73	Frankfurt	C	3	37	Mexico City	-	-	-	San Francisco	C	9	48
Bangkok	C	34	93	Funchal	S	14	57	Miami	C	15	59	Seoul	S	1	34
Barcelona	R	10	50	Geneva	Sn	2	36	Milan	R	10	50	Singapore	R	29	84
Beirut	S	19	66	Gibraltar	R	11	52	Montreal	F	-15	5	Stockholm	S	-5	23
Belfast	C	5	41	Glasgow	S	5	41	Moscow	C	-1	30	Strasbourg	Sn	3	37
Belgrade	C	9	48	Guernsey	F	5	41	Munich	Sn	-1	30	Sydney	S	28	82
Berlin	Sn	1	34	Helsinki	C	-3	27	Nairobi	F	20	68	Taipei	-	-	-
Biarritz	F	6	43	H. Kong	C	13	55	Naples	F	19	66	Tangier	S	11	52
Bombay	-	-	-	Innsbruck	F	1	34	Nassau	-	-	-	Tel Aviv	S	25	77
Bordeaux	S	6	43	Inverness	F	5	41	New Delhi	S	22	72	Tenerife	R	14	57
Brussels	C	5	41	Islamabad	C	24	75	New York	C	-2	28	Tokyo	R	9	[illegible]
Budapest	C	2	36	Istanbul	F	6	43	Nice	S	11	52	Toronto	C	-4	25
B. Aires	C	27	81	Jakarta	-	-	-	Nicosia	-	-	-	Tunis	C	11	52
Cairo	C	27	81	Jersey	F	7	45	Oporto	S	12	54	Valencia	S	[illegible]	[illegible]
Cape Town	-	-	-	Jo'burg	S	23	73	Oslo	S	1	34	Venice	S	8	46
Caracas	C	27	81	Lima	-	-	-	Paris	F	4	39	Vienna	Sn	0	32
Casablanca	C	17	63	Lisbon	S	12	54	Peking	S	0	32	Warsaw	Sn	-4	[illegible]
Chicago	C	11	52	London	S	7	45	Prague	Sn	-2	28	Washington	C	-1	30
Cologne	C	3	37	Los Angeles	C	10	50	Reykjavik	F	-1	30	Zurich	F	1	34
Copenhagen	C	-1	30	Luxembourg	C	1	34								
Corfu	F	12	54	Madrid	S	7	45								
Dallas	-	-	-	Majorca	S	11	52								
Dublin	C	7	45	Malaga	S	12	54								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain
S-Sun Sl-Sleet Sn-Snow T-Thunder

Shultz peace mission

Continued from Page 1

phase would be "open-ended", Mr Fitzwater said. It would depend on "what Mr Shultz finds".

● A continuation of Mr Shultz's mission depended on the outcome of his consultations with President Reagan with the prospects for a renewed effort clouded by what appeared to be minimal progress during his intensive five-day shuttle, *our Middle East Staff write.*

It ended on Tuesday with a three-hour meeting in London with King Hussein of Jordan.

Our UN Correspondent adds: In a massive vote that isolated the US from virtually all of the membership, except Israel, the UN General Assembly called last night for the rescinding of measures that would close the Palestine Liberation Organisation's UN mission by March 21 under "anti-terrorism" legislation enacted by Congress.

Responding to Washington's refusal so far to acknowledge the existence of a dispute in the case, the Assembly also decided to refer it to the World Court with a request for a ruling whether binding arbitration is mandatory.

NEWS REVIEW

BUSINESS

Smart move by British Army

The British Army has placed its first ordar with Ferranti Computer Systems, Cheadle Heath Division, for SMART — a computer-based Small Arms Rifle Trainer. SMART is based on computer-generated target displays and light pen technology, anabling soldiers to learn to shoot in a classroom. This approach is safer, cheaper and more practical for basic weapon training than a conventional range. SMART-trained soldiers will be abla to make better use of the limited opportunities for live firing available in today's armed forces.

New lines for BR

Ferranti Business Communications has won an order worth £1m for 15 digital telephone exchanges from British Rail Eastern Region.

This latest order means the Moston telecommunication specialist has supplied more digital exchanges to BR than any other company with an installed base of more than 38 OMNI PABXs and with existing orders this will rise to over 60 PABXs by the end of 1988.

Briefly . . .

The Tianjin No 2 Machine Tool Works Company of Tianjin city, People's Republic of China, will take delivery of a Ferranti Merlin 1100 coordinate measuring machine next month.

Ferranti Container Handling is to supply the port of Cork in Ireland with its third yard gantry crane.

ADVERTISEMENT

● ROYAL AIR FORCE

Nimrod trainers

The Ministry of Defence has awarded Ferranti International a contract to supply the Royal Air Force with a communications procedures trainer for the crews of long range patrol aircraft.

The Basic Communications Procedures Trainer (BCPT) will be built by Ferranti Computer Systems, Cheadle Heath Division. Designed to form an integral part of the training of Air Electronics Operators (AEO) for Nimrod squadrons, the BCPT will be installed at RAF Finningley for use in the tuition of intercom, tele-type and radio procedures.

The trainer comprises eight student cubicles which will replicate the AEO station in Nimrod aircraft, eight instructor facilities consoles and a six position console representing ground stations.

Equipped to meet the demands of the 1990s, the new trainer will provide a realistic training environment to prepare personnel for operations in the RAF's long range maritime patrol aircraft.

● COMPUTERS

Information on TAP

Transportes Aereos Portugueses, TAP, the Portuguese national airline is using a Ferranti Flight Information Display System (FIDS) to co-ordinate its operations at Lisbon Airport.

Costing some £400,000, the FIDS system comprises a network of 135 monitors and 8 interactive VDU terminals linked to a Ferranti Argus computer.

It provides TAP personnel with detailed information on the airline's aircraft movements at Lisbon. Moreover, the FIDS system enables greater efficiency in aircraft handling by co-ordinating the activities of ground-staff. A handling schedule for each aircraft is prepared and as each activity is completed the FIDS system is updated.

In the event of an action failing to be performed in the planned time the system raises an alarm.

TAP was attracted to the Ferranti FIDS system by its extensive range of facilities, which assist in improving the efficiency of operations at Lisbon, and ease with which the system can be expanded to accommodate additional monitors and terminals as required in the future.

FERRANTI INTERNATIONAL
selling technology

Ferranti International Signal — the merger of Ferranti plc and International Signal & Control Group PLC.

INTERNATIONAL APPOINTMENTS

IBM elects chairman for World Trade division

A NEW chairman of the board has been elected by International Business Machines, the world's largest computer manufacturer, for its IBM World Trade Europe/Middle East/Africa (EMEA) Corporation, which is responsible for IBM operations in 85 countries.

He is Mr C. Michael Armstrung, 49, an IBM senior vice-president who is also president of EMEA, president directeur general of IBM Europe, S.A., and a member of the IBM Corporate Management Board, all positions that he continues to hold.

Mr Armstrong succeeds Mr Kaspar V. Cassani, 59, who with Mr Jack D. Kuehler, 55, were recently elected as IBM joint vice-chairmen. Mr Cassani is chairman and president of IBM World Trade Corporation, a member of the IBM Management Committee and IBM Corporate Management Board, and review executive for worldwide marketing and services.

After joining IBM in 1961 as a systems engineer in Indianapolis, Mr Armstrong held numerous marketing management positions before becoming president of the Data Processing Division in 1978. He was named in 1980 assistant group executive of the Data Processing Prodnct Gronp and elected as an IBM vice-president.

In 1983, he moved on to group executive of the Information Systems and Communications Group and was elected as an IBM senior vice-president. He was appointed directeur general of IBM Europe and president of EMEA in 1986, and made president directeur general of IBM Europe last year.

Northern Telecom appoints World Trade unit president

NORTHERN Telecom, the Canadian telephone equipment group ranked as the fourth-largest in the world and 52 per cent-controlled by Bell Canada Enterprises, has appointed Mr Desmond F. Hudson as president of Northern Telecom World Trade.

This is a new organisation created to bring a sharper focus to the corporation's global growth opportunities. It comprises Northern Telecom Europe, NT Communications (the recently announced subsidiary in France), and Northern Telecom Pacific.

Mr Hudson moved to Northern Telecom in 1977 from Bell Canada. After holding positions in Northern Telecom Ltd.'s technology and market planning activities, he was mada executive vice-president, business communications, at the Northern Telecom Inc. unit in the US. A promotion to president followed, a US post he has held since 1982. He will now be based at the group's Canadian headquarters in Mississauga, Ontario.

Mr David G. Vice, president of Northern Talecom Ltd., commented: "Mr Hudson's organisational leadership and accomplishments in the US during a period of unprecedented growth make him uniquely qualified to contribute to further strengthening the corporation's business outside North America."

Mr Roy Merrills is replacing Mr Hudson as president of Northern Telecom Inc.

He has served as a group vice-president, integrated network systems, since 1984, based in North Carolina, with responsibility for switching, network systems, and Cook Electric activities. He was instrumental in the introduction of several strategically important products and in developing the group's service organisation.

European subsidiaries director for Harris/3M

THE JOINT venture company Harris/3M, formed in 1986 by Harris Corporation, the US Florida-based maker of communications equipment and semicondnctors, and Minnesota Mining and Manufacturing (3M), the large US industrial and consumer products group, has promoted marketing director Mr Thomas Stenebring to the newly created position of director, European subsidiaries.

Harris/3M is a worldwide supplier of copying and facsimile products, with subsidiaries in every European country. The managing directors of all Harris/3M national operations in Europe will now report to Mr Stenebring.

He is Swedish and he began his career with 3M in Sweden in the company's office systems division. In 1981, he moved to Brussels as manager of copying products at 3M Europe, and became European marketing director of Harris/3M on its formation.

The Harris/3M venture has enjoyed rapid growth. As a supplier of fax equipment, the company has moved to fourth place in Europe from 12th in less than two years, while increasing sales of copiers by 50 per cent.

New member for Arthur Andersen public review board

MR TAROICHI Yoshida, president of the Foundation for Advanced Information and Research in Japan and adviser to the Industrial Bank of Japan, former president of the Asian Development Bank and former Vice-minister of Finance for International Affairs, has joined Arthur Andersen's public review board, Societe Cooperative.

This was announced by Mr Duane R. Kullberg, managing partner-chief executive officer of the Arthur Andersen group, a US-based worldwide organisation which provides professional services in accounting and audit, tax, management information consulting and education to clients in 49 countries.

The public review board, composed of individuals with recognised achievemants in professional, governmental or business pursuits and a demonstrated concern for the public interest, provides an independent perspective on Arthur Andersen's worldwide professional operations.

Mr Yoshida, 68, is a veteran banker and government official who began his career with the Japanese Ministry of Finance in 1944. He was named Secretary to the Minister of Finance in 1952. In 1956, he served on the staff of the IMF in Washington, D.C.

He became director of the small banks division of Japan's Banking Bureau in 1962, and 10 years later he was named director-general of the Banking Bureau. In 1976, he began a five-year term as president of the Asian Development Bank.

Mr Kullberg said that Mr Yoshida's participation on the review board "broadens the composition of this oversight body in recognition of our growing practice in the Far East."

ASARCO chief joins Schering

SCHERING-PLOUGH, of the US, e large international pharmaceutical and consumer products group, has elected to its board of directors Mr Richard de J. Osborne, chairman, chief executive and president of ASARCO, also US-based, and a leading producer of non-ferrous metals.

Mr Osborne joined ASARCO in 1975 as vice-president, finance, and chief financial officer. He was elected as a director in 1976, executive vice-president in 1977, president in 1982, and assumed his current position in 1985.

Previously, he had been executive vice-president, finance and business development for Fairchild Camera, and earlier had executive posts in finance, planning and management at IBM.

Accountancy Appointments

Financial Controller

Woking

HR

to £30,000 + benefits

Hogg Robinson plc has experienced rapid and exciting growth in recent months. With an excellent reputation in the travel business, they are continuing to develop an integrated approach to consumer services with the expansion of property services and financial services. The freight business built around the Government Freight Agency also continues to expand.

In response to these developments, a new position has been created, reporting to the Group Finance Director. As Financial Controller, you will work closely with the Finance Directors of the operating divisions in reviewing strategic plans, budgets and acquisitions, monitoring performance and forecasts. This is a demanding role with a high profile around the Group.

You will be a qualified accountant, in your late twenties, with the desire to move into a proactive role. Experience will have been gained within the service sector. Strong computer modelling skills are essential.

The excellent remuneration package, which includes a quality company car, reflects the importance of this senior position. Excellent prospects will ensure rapid career progression.

Please send full personal and career details in confidence to Alison Hawley, quoting reference 5100/FT on both envelope and letter.

Deloitte Haskins+Sells

Management Consultancy Division

P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Financial Controller

to £40,000 + car
full banking benefits
City

A leading international financial institution, our client is in the course of setting up a new regulatory and accounting section to be based in the existing City premises. They now require a financial accountant to plan an integral part in the work of establishing a new asset management company.

Initially, you would join a multi-disciplinary team engaged in strategic planning, revising working procedures and computer systems. You would subsequently report to a senior Director, when you will be responsible for developing the full range of accounting and reporting services, working through your own team and with Group counterparts.

For this position we are seeking a qualified Management or Chartered Accountant, with at least 5 years experience of international investment markets and related regulatory and statutory reporting requirements.

Applications will be forwarded to our client, candidates must specify any organisation to which they would not wish their CV to be sent. Please respond with a comprehensive CV indicating present salary and quoting reference MCS/1041 to: Michael Madgwick

Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

ACCOUNTANT

North West **c£17,500 p.a.**

CLAIMS MANAGEMENT

Our client's Financial Management Centre provides a sophisticated, centralised accounting system for retail outlets throughout the country.

They are now looking for a qualified accountant with a sound commercial background, whose responsibilities will include:

- Overseeing the processing of claims on suppliers for returned goods.
- Accounting for recovery of credit from import suppliers.
- Liaising with buyers and providing them with business information.

You will have the drive and motivation to challenge existing working practices, and the opportunity to contribute to the development of new systems, and operate in a large company environment. Good management skills are essential for this position.

A qualified, or at least finalist accountant, you will be a persuasive communicator, and will have the interpersonal skills necessary to liaise effectively with buyers, management and outside suppliers.

Rewards are excellent, including a salary c£17,500 for a fully qualified accountant, extensive range of company benefits and, of course, re-location expenses will be paid. Most importantly you will have the opportunity to develop your managerial skills and to progress within the company.

The People Partnership

To apply please send a full c.v. quoting ref. PP08S to:

M. O'Connor, The People Partnership, Television House, Mount Street, Manchester, M2 5WS.

BUSINESS AND FINANCIAL REVIEW
WORLD WIDE SCALE

Financial Services **City** **International Travel**

One of the world's largest and most successful insurance groups is developing and enhancing its ambitious business operational and financial review function. Reporting directly to the US, this division is concerned with establishing and monitoring operational quality standards, undertaking financial and systems reviews, special projects and acquisition investigations on a worldwide basis.

Three professionals are currently sought to play central roles in this exciting venture:

Head of EDP and Systems Review

Neg £30K + executive car + bonus

You will take the non-US EDP and systems review department from inception through to operation, assuming total responsibility for the planning and implementation of review programmes covering a variety of systems and applications. Aged under 35, you should have at least two years' EDP/IS audit experience gained from within the accountancy profession or a systems specialisation.

Operational and Business Review

c£21K + bonus

Assuming project responsibility for a young professional team, you will ensure the provision of business input to the highest levels of Group management throughout the world. A qualified ACA, aged 24-28, you should have major company audit experience gained from within the profession, ideally with some exposure to the financial services sector.

Financial and Operational Auditor

Neg Salary + benefits + bonus

Enjoy outstanding training and travel the world whilst making a significant contribution to the success of the operating companies. Aged 20-25, you will currently be studying for a recognised accountancy qualification with the expectation of qualifying in 1989/90. Excellent career development opportunities await the successful candidate. Substantial salary advancements will be based on exam results.

All positions offer highly competitive salaries and bonuses, together with a range of benefits and the opportunity to travel throughout the company's international network, including the US.

Please write enclosing a full CV, quoting Ref: A0103, to Ian R. Hetherington or Mark Norton at Mervyn Hughes International Ltd., Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Tel: 01-488 4114

MERVYN HUGHES

NEVIN MANAGEMENT ACCOUNTANT
ELECTRONICS - SOUTH COAST
SALARY CIRCA £20K + BENEFITS

The company is part of tha Electronics Division of a successful and ambitious PLC based in tha Midlands. After several years of profitabla growth the exceptional opportunity now arises for a qualified accountant aged 28-36 to join the senior management team.

Reporting to the Managing Director this will initially be a 'hands on' rola with emphasis on daveloping computerised financial and managament aystems. Costing experience would ba a distinct advantage.

Benefits include those associated with a successful PLC. Relocation expansea will be paid whare appropriate.

Please write with full career details to the Managing Director, Nevin Lonsdale Limited, Aysgarth Road, Waterlooville, Hants. PO7 7UG. All applicantions will be treated with the strictest confidance.

Outstanding Financial Manager

c.£35K + car + benefits

Early F.D. Opportunity

This must be the opportunity you've been waiting for if you're ambitious and commercially aware with a desire to get into a fast growing, hi-tech company.

As a member of a well known UK group of companies, which is heading for flotation within the year, our client is a major supplier of computer peripherals. Based M4 corridor, with current T/O £23 Mil, and growth of c50% pa, they now need to recruit an exceptional Financial Manager to take them through this exciting period.

With autonomous responsibility for planning and all financial matters, you would also become a key member of the general management team. Your future here could hardly be brighter..... a short and successful period as Financial Manager will lead to a Directorship.

If you're in your 30's, ACA, with a proven track record in industry, good people management experience, and strong analytical skills – this opportunity is waiting for you. Please send your CV to Octagon Human Resources, Glen House, 200 Tottenham Court Road, London W1P 9LA.

Octagon Human Resources

Financial Accounting

SLAUGHTER AND MAY

Partnership **neg. around £50,000**

SLAUGHTER AND MAY is one of the leading law firms in the world.

If you are a candidate for this appointment, you will need to be aware that a schedule of changes to the structure of the Finance Department of this Firm is being phased in by the Finance Director. Existing senior personnel are closely co-operating with these changes in order to facilitate their personal retirement plans.

The person appointed to manage the Financial Accounting function will report to the Finance Director for all of SLAUGHTER AND MAY's historical accounting, ensuring compliance with accounting procedures, preparation of partner's working capital accounts and the partnership accounts as well as personally overseeing overseas branch accounting and consolidations and the day-to-day Treasury operations of the Partnership funds.

Candidates will be qualified accountants with experience in highly computerised accounting systems. Indeed, experience as the senior financial officer of a Partnership could be a distinct advantage, although senior accountants from industry or commerce will certainly be considered.

Please write, in absolute confidence, to Peter Willingham, quoting reference CA 84 at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

COMPANY ACCOUNTANT
(Financial Director Designate)

circa £25,000 **plus benefits**

Our client is a leading company with a young management team in a specialist leisure industry. Involved in manufacturing, importing and distribution, they are embarking upon an exciting growth programme, by acquisition and merger, leading to an expected listing within three years.

They require an experienced but energetic accountant reporting to the group MD, to take control of all administrative, financial and personnel areas. Close involvement in the programme of acquisitions and their integration into the group structure is anticipated. It is expected that this will lead to a Board Appointment after a short period.

Situated in an attractive Warwickshire town, in modern premises – a full package of appropriate benefits is offered – as is the opportunity to join a fast moving, busy team of individuals.

Please write with full CV to R. Whincup Esq., Executive Selection Division, at the address below.

Touche Ross

Kensington House, 136 Suffolk Street Queensway, Birmingham B1 1LL.

Chief Accountant

- Fully negotiable to £16,740
- Essential User Car Allowance or Car Lease Scheme
- Flexitime
- Relocation Package
- Professional Subscriptions Paid/ Group BUPA
- Offices in Beautiful Salisbury

Contact The Personnel Adviser, Salisbury District Council, Bourne Hill, Salisbury, Wilts SP1 3UZ. (0722 336272, Ext. 225) for an application form and job description.
We will review applications as they arrive.

This post leads a Section of 12 dealing with all aspects of financial management/accountancy and presently the Paymaster function (we need your input as to the future of this role with Community Charge re-organisation pending).

All financial systems (mainly LGS) are on- line to an in-department ICL 3960 mainframe. A series of major initiatives are beginning i.e. leisure, City Centre and new offices.

We seek a qualified accountant who is a manager and leader, a self-starter and prepared to contribute to the overall direction of the Department.

SALISBURY DISTRICT

Small Department of Old Established large Zurich Based Company requires services of a competent

TRUST MANAGER

Candidates should have practical business experience of Discretionary Trusts and other forms of Family Settlements. Confident personality and ability to handle individuals essential. Preferred age 25-40. Knowledge of German an advantage but not essential provided willing to learn. Excellent conditions and generous salary depending on experience offered.

Write with full particulars in confidence to Box No A0828, Financial Times, 10 Cannon Street, London EC4P 4BY.

Finance Director
Surrey/Hants borders

£35,000 + car **+ share options**

This new appointment arises due to continuing expansion in a group providing marketing services to a wide range of blue chip clients. A leader in its field, the group has trebled its sales over the last three years to a current turnover of c £10 million.

Reporting to the Chairman, the Finance Director will be expected to improve the quality of financial advice provided to the other Directors and to guide the group through a flotation within the medium term.

Applicants, preferably in their thirties, should be qualified accountants with relevant experience in a similar size and type of business. Essential personal qualities are flexibility, commitment and the ability to understand marketing concepts.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref. 2894 to G.J. Perkins, Executive Selection Division.

Touche Ross

Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB. Telephone: 01-353 7361.

PA to Finance Director

London **£35,000 + car + benefits**

Our client is a large and successful PLC with diversified business interests in Europe and North America and worldwide sales in excess of £1,500 million. Retailing forms a major part of its activities and the group is well placed for further growth.

As PA to the Finance Director your role will be to assist on all aspects of the finance function, including the critical analysis of operating results and business plans, the provision of financial and management information to the Group Board and ad hoc projects on acquisitions, divestments and other work of a special nature. You will have a close working relationship with the group's professional advisers and senior management at head office and the operating subsidiaries. There will be some overseas travel.

Probably in your late 20s or early 30s, you will be a qualified accountant with a first class track record in one of the major international accounting firms and will now be a senior manager either within the profession or at the centre of a substantial group. This is a stepping stone position, with the opportunity of moving into a line role elsewhere within the Group in two or three years time. There is an excellent benefits package.

Please write in confidence to John Cameron, quoting reference C879, at 84/86 Grays Inn Road, London WC1X 8AE (telephone: 01-404 5971).

CAMERON · SIMPSON
Consultancy · Search · Selection

Senior Controller - Financial

Senior Operational Role

c £30,000 + car + bonus
Mid-Sussex

In the field of international transportation, our client has grown to take up a predominant position in its market place. To meet the increased demands brought about through this growth, a major re-structuring is now being undertaken to enable the finance function to better serve the group's requirements.

As a result a senior position has been created. Reporting directly to the Finance Director, you would be responsible for the accounting function of a $250 million transport operation. This will include full control of the cash management, monitoring of revenues and costs and the development of systems. You will have total responsibility for the accounts department with Controllers for both Management and Financial Accounting reporting to you.

This offers an excellent opportunity for a qualified accountant to play an important role at the sharp end of a demanding operation. In addition to technical expertise you should also have a successful track record in a senior line finance role and the potential to progress.

Compensation will not be a limiting factor for the right candidate and will include car, bonus, health insurance and pension.

Because of the need to arrange early interviews, we will be discussing applications with our client. Therefore please send a comprehensive CV quoting reference MCS/4021 together with notification of any organisation with whom your details should not be discussed to Miles Holford
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

Take up the challenge

R·F·S INDUSTRIES

Group Finance Director

to £32k+ benefits *South Yorkshire*
including car, bonus and substantial share options

Formed in 1987 by a management buyout during the rationalisation of British Rail's engineering resources, RFS Industries Ltd. is already well established as a dynamic railway and heavy engineering company. The management team have exciting plans to expand the business through both organic growth and acquisitions. A public flotation is planned in the medium term.

The successful candidate, probably a Chartered Accountant, will be experienced at a senior level in a commercial environment, (preferably engineering) and will be looking for a challenging role at Group level.

Responsibilities will include overall control of Group financial matters including reporting standards, advising on acquisitions, handling the future flotation and liaison with external advisers and sources of finance. As a Main Board member there will be full involvement in wider commercial decision making.

In addition to an attractive salary the comprehensive package includes a fully expensed quality car, profit related bonus, substantial share options, private health care and relocation assistance.

To apply, please write to Caroline Dunk with a brief career history, including details of current salary.

Deloitte Haskins+Sells
Management Consultancy Division
Cloth Hall Court, Infirmary Street, Leeds, West Yorkshire LS1 2HT

Financial Controller

Birmingham
To £27,000 + 2.0 litre car + share scheme

The company is part of a successful division of an international Group and the market leader in its sector. Its turnover of £50m is generated from sales of high volume products, mainly into the UK market.

Following internal reorganisation, the company is seeking to appoint a Financial Controller to manage its finance function, and make a significant contribution to the total business as part of a multi-disciplinary management team.

Reporting to the General Manager, your role will be to interpret and advise on all financially related matters, ensuring strict financial control and reporting procedures are maintained. You will be expected to bring a progressive commercial approach to working capital control and the improvement of information systems, with particular emphasis on costing, and metal and credit management.

Already heading a finance function of a significant business, you will be a qualified accountant, computer literate and probably aged early 30's. With a direct staff of 18 people, and functional links at Divisional and Group level, your communication and motivational skills must be of the highest order.

This is a challenging appointment and the ideal move for an ambitious and highly motivated person, as there are outstanding opportunities for advancement at Divisional and Group level.

Please write or telephone for an application form or send a detailed CV to R. H. Southwell at the address below quoting ref. PBM/2089/RS.

PA Personnel Services

Executive Search • Selection • Psychometrics • Remuneration & Personnel Consultancy

6 Highfield Road, Edgbaston, Birmingham B15 3DJ.
Tel: 021-454 5791

An IBIS expert for . . .

Head of Management Information Systems

City **to £45,000 package**

Our client, the rapidly expanding London Branch of a substantial International Bank seeks to recruit a Head of Management Information Systems.

Managing a small team, you will develop and implement information systems strategy in order to provide the quality of service needed to satisfy the Bank's Information requirements. The exposure which this development role will have throughout the Bank provides excellent career potential.

Candidates in their early 30's, with a degree or professional qualification, will have expertise in the structure and operation of the IBIS banking system gained either in a consultancy role, or within a bank. You should possess the necessary communications skills, and management potential to make a significant impact on the overall efficiency of our client's operations.

The attractive remuneration package will include a basic salary to £35,000 plus excellent banking benefits.

Suitably qualified candidates should write, enclosing Curriculum Vitae and daytime telephone number to Barry Ollier BA., ACA., quoting ref: 212, at Whitehead Rice Ltd, 295 Regent St, London W1R 8JH.
Tel: 01-637 8736.

Whitehead Rice

FINANCIAL MANAGEMENT SELECTION

CHIEF ACCOUNTANT

Major light engineering group

c.£28,000 + car West Country

This profitable group has an international reputation in its specialist light/medium engineering field: some ten thousand employees across a number of subsidiary companies produce a turnover of approximately £400 million. The corporate finance activity is in the hands of a small group of talented specialists, with senior management in the mid thirties/mid forties age range; subsidiary companies have taken a similar approach to the appointment of Finance Directors, and the group is determined to encourage career movement across the entire finance function. One key position remains unfilled, that of Chief Accountant at the centre, reporting to the Group Finance Director. With the assistance of a small department, prime responsibilities are for overseeing accounting systems, principles and practice throughout the group and for the timely production of all statutory and management accounts. Ideal candidates will have had substantial experience within the corporate finance function of a multi-national plc group and will be conversant with the highest standards of international practice and reporting requirements. They will be Chartered Accountants with a good knowledge of corporation tax and planning, and extensive experience of complex group consolidations. In recent years, the group's approach to external recruitment has placed great emphasis on talent, spark and potential: this exercise will be no exception. The unusually attractive fringe benefit package and the considerable scope for career development should attract the very best. Please send full career details to Joanne Cooling, quoting reference JC1409.

Samuel & Pearce Recruitment Ltd.
Recruitment Advertising
4/6 George Street, Richmond upon Thames, Surrey TW9 1JY.

Cipfa Services Ltd

MANAGING DIRECTOR MANAGEMENT CONSULTANCY

LONDON **SALARY-c£50,000**

Due to the company's continued growth and widening range of financial and management services, the board wishes to appoint a managing director of its management consultancy division. The person appointed will be responsible to the Cipfa Services Ltd board for the division's overall management, development and profitability.

Ideally, candidates should be aged 35-45 and have:

- a good degree and/or professional qualification
- at least 10 years experience gained in a professional consultancy environment or in a substantial service organisation. This experience should include several years at senior management level, embracing responsibility for business development.
- experience or knowledge of the public sector.

The person appointed will be a member of the Cipfa Services Ltd board and, as such, will be required to contribute to the corporate affairs of the company.

In addition to the normal fringe benefits attaching to a post of this seniority, the remuneration package will include the opportunity to participate in the equity of the company.

Applications, which will be treated in the strictest confidence, should enclose a CV and be addressed to Philip Sellers, Chairman (ref MD/MC), Cipfa Services Ltd, Heron House, 10 Dean Farrar Street, London SW1H 0DX.

Cipfa Services Ltd

cipfa

Financial Controller

£30,000 + car, bonus etc
Brentwood
Essex

Our client, a substantial national retailing organisation acknowledged as the market leader in its sector, wishes to recruit an able and technically minded accountant to this key appointment.

Reporting to the Assistant Managing Director and Finance Director, the successful applicant will be responsible for timely and accurate accounting and financial information and will supervise a staff of approximately 40 personnel.

This is an ideal opportunity for a Chartered Accountant late 20's/early 30's to play a leading role in a professional environment and within a large and dynamic Group. Applicants should have at least three years post qualifying experience in a managerial role, which utilises up to date computerised accounting systems. An understanding of the retail trade could be useful.

In addition to salary, benefits include an incentive bonus scheme, an executive car, pension and medical insurance schemes and 5 weeks holiday. This vacancy offers a rare combination of growth and personal challenge along with career and salary prospects. Relocation expenses will be reimbursed if applicable.

Applicants interested should write enclosing a full CV and salary history, quoting reference MCS/7224 to:
Michael R Andrews
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

LEADING EDGE MANAGEMENT CONSULTANCY

FINANCE AND ADMINISTRATION DIRECTOR

c.£35,000 + benefits – S.W. London

Management Horizons is Europe's leading management consultancy specialising in retail and consumer marketing, with many blue-chip clients. The company employs nearly 100 staff in pleasant offices about 10 miles from central London in Richmond, with subsidiaries in Paris and Frankfurt.

The company is seeking to appoint an energetic qualified accountant to be responsible for the entire financial and administrative functions (accounting, MIS, office services, legal, investment etc.). Reporting to the Chief Executive, the successful candidate will have a key part to play both in ensuring adequate financial controls and also in developing the commercial strategy for growth and eventual flotation. Candidates will need to demonstrate experience in a well managed business in a marketing-led people-based environment. It is likely that the candidate will be roughly the same age as the rest of the Executive Board (35-45 years old) with proven communication skills and the ability to manage change in a dynamic environment. It is not a 9–5 culture: we think smart, work hard and have fun.

The basic salary will be supplemented by profit sharing, equity participation, executive car, non-contributory pension and health cover.

Please reply with full c.v. and a covering letter explaining why you are the right candidate for this particular opportunity to: Ian Clark, Director, Management Horizons (Holdings) Limited, 391 Richmond Road, Twickenham, Middlesex TW12 EF.

mh Management Horizons

...the leading edge in retailing

Finance Director

Communications
Central London
c £30,000 + car

Established by one of the leading international communications groups this is an exceptional opportunity for a young ambitious accountant to take a leading role in the planning, development and growth of an exciting new venture.

Growth will be both organic and through a planned series of acquisitions and joint ventures. The role will be to create appropriate systems and controls for the expanding group while working closely with the Managing Director and the parent company on strategic planning issues and in setting performance measures.

This is an ideal opportunity for an accountant who has gained at least two years post-qualifying experience in a highly commercial environment. Experience of start-ups would be particularly useful but above all we are looking for a positive and clear-thinking individual; an exceptionally able communicator who can be 'hands-on' without losing sight of strategic issues in a rapidly expanding and developing company.

Please write in confidence enclosing a full CV and salary details, quoting reference MCS/2010 to:
Christopher Bainton
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

Financial Controller

Hertfordshire **to £28,000 + car**

Our client, a £25m turnover, market leading manufacturer and distributor of specialist consumer products, is seeking to recruit a Financial Controller for its Head Office in Hertfordshire.

Reporting to the Group Financial Director, you will be joining the company at an important stage in its development. Your primary responsibility will be for the financial accounting function of the company, involving the management of fifteen staff in the day to day running of a complex financial operation.

Candidates will be qualified accountants with strong management experience and well developed inter personal skills. Age will not be a limiting factor, more importantly you will demonstrate a committed and organised approach.

Please apply in confidence enclosing your Curriculum Vitae and daytime telephone number, quoting ref: 211, to Philip Rice, MA, ACMA, Whitehead Rice, 295 Regent Street, London W1R 8JH. Tel: 01-637 8736.

Whitehead Rice

FINANCIAL MANAGEMENT SELECTION

APPOINTMENTS ADVERTISING
For further information call 01-248 8000

Tessa Taylor
Ext 3351
Deirdre Venables
Ext 4177
Paul Maraviglia
Ext 4676
Elizabeth Rowan
Ext 3456
Patrick Williams
Ext 3694

FAST TRACK ACCOUNTANT

FOR THE GLAMOUR SIDE OF THE MOTOR INDUSTRY

Rural Northants **£20-25k + car**

This opportunity has all the ingredients that will interest a financial professional who wants to work with a small team of enthusiasts, to be involved in every aspect of the business and who can handle the full range of accounting and administrative responsibilities.

The setting is rural Northamptonshire. The emphasis of the business is on specialist high-technology prototype components for the motor industry – some with a competition slant – plus research and development.

Your role will be to make a significant contribution to the next stage of the company's development. Your involvement will embrace all aspects of accounting from monthly accounts to strategic planning, from credit control to commercial negotiation. It will also encompass the total administrative function. There will be a small staff to assist you.

To blend successfully into this very special environment, you will need to be a qualified accountant, aged 28-35, with an outgoing personality, excellent communication skills, well-developed commercial acumen and obvious technical abilities. You will have been very successful in your career to date, preferably with experience in a small or medium-sized company.

If you feel that you want to work in a small but fast growing business where there is great challenge and opportunity, please contact **Lawrence Barnett** or **Mary Walters** at our **Manchester Office** quoting ref. no. **B163**

ASB
ASB RECRUITMENT LTD

Eagle Buildings, 64 Cross Street,
Manchester M2 4JQ Tel: 061-834 0618
Trident House, 31-33 Dale Street,
Liverpool L2 2HF Tel: 051-236 9373

Financial Director

Engineering – North Devon £20,000 + bonus + car

A Financial Director is sought for a precision engineering company whose products are used by major customers in the UK and Overseas. Turnover is in excess of £3m and increasing, and the company is profitable.

Reporting to the Managing Director, the Financial Director will be responsible for all aspects of finance, including ensuring strict budgetary control, capital project and acquisition appraisals, development of computer systems, etc. In addition the Financial Director will be involved in tendering and pricing policy.

Applicants must be fully-qualified accountants with experience in manufacturing groups with sophisticated financial systems.

Basic salary will be at least £20,000 plus profit-related bonus. Other benefits include a fully-serviced car and relocation assistance where appropriate.

PERSONNEL ADVERTISING LIMITED

Please write in the first instance with a full CV to Brian Page, Director, Personnel Advertising Limited, 30 Farringdon Street, London EC4A 4EA. Please specify any companies to which your letter should not be sent and quote reference GRS 799.

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR

A MEMBER OF BLUE ARROW PLC

Group Financial Director

Yorkshire, c £30,000–£40,000, Equity Potential, Very Attractive Additional Package

This established and highly successful £25m turnover group operating within the international chemicals arena, seeks to appoint a young 'fast track' Financial Director to join its entrepreneurial team. The business is undergoing tremendous expansion, both through organic and acquisition growth and a possible flotation is planned. As a crucial part of this strategy, a high calibre financial executive is required to oversee the group's financial functions, lead from the front and further promote the company's image and standing in the financial community. Aged in your 30's, with an impeccable technical pedigree and preferably a business related degree or MBA, you must display the drive, commitment, interpersonal skills and general management ability to operate effectively at group board level. Prospects are outstanding in this dynamic organisation both in terms of career development and personal financial opportunity.

Mrs. M.E. Scott, Hoggett Bowers plc, *7 Lisbon Square*, LEEDS, *LS1 4LZ*, 0532-448661. *Ref: L17013/FT.*

European Financial Controller

Scotland, Package c £27,000, Quality Car

An outstanding opportunity for a first class accountant to secure the senior finance position within the European operations of this very progressive, globally represented US multinational Group. The product range is technologically advanced and continued investment in product innovation and develnpment will maintain the company's strong market leadership position. As an integral member of a small but high powered executive team, the Financial Controller, reporting to the Managing Director – Europe will be responsible for all financial and MIS functions within the European organisation. Additionally you will provide extensive input toward the strategic management and development nf the business and in this respect the interfacial relationship with the US parent is nf paramount importance, overseas travel being involved. Candidates aged 28–35 will be graduate professionally qualified accountants with above average and rapidly developed academic and financial management track records, currently working in a senior management capacity in either the profession or industry. Maturity, diplomacy and commitment combined with persuasive communication and leadership skills will be vital factors in dictating the future rate of career growth within this blue chip and tightly financially managed organisation.

K.H. Thompson, Hoggett Bowers plc, *4 Mosley Street*, NEWCASTLE-UPON-TYNE, *NE1 1DE*, 091-232 7455. *Ref: N13058/FT.*

Chief Accountant

Multi-Site Service Business
M40 Corridor, c £25,000, Car

This very profitable company, current turnover £45m, is growing rapidly both nrganically and by acquisition. A subsidiary of one of Britain's most successful groups, its business forms a key alement in the corporate strategic plan. Reporting to the Financa Director, ynu will be responsible for a large team of staff engaged in financial accounting, management accounting and credit control. Early priorities will ba a reallocation of tasks following fundamental data processing system changes already in hand and improvements in credit management. A qualified accountanl in your late 20's – early 40's, you must combine excellent technical accounting abilities with proven staff management skills. Ideally you will already be working in a multi-site service business in which many of the demands will be the same. The company has ambitious plans for development, so a challenging future is ensured.

S.P. Spindler, Hoggett Bowers plc, *George V Place, 4 Thames Avenue*, WINDSOR, *SL4 1QP*, 0753-850851. *Ref: W11046/FT.*

Management Accountant

Aberdeen, c £20,000, Outstanding Benefits Package

Internal career progression within this highly successful oil and gas exploration and production company has created the opportunity to join the finance team at a senior level. Responsible for the preparation and interpretation of financial and management accounting information, the successful applicant will liaise closely with both senior technical managers and joint venture partners. Candidates, qualified accountants (CA/ACMA/ACCA) aged 27–40, will already have proven experience of computerised management accounting and budgetary control systems ideally gained within a large scale industrial/commercial environment. Additionally you will be able to supervise effectively and possess the drive and maturity to establish sound relationships and make a positive contribution to the finance team. First class conditions of employment and an excellent benefits package include generous relocation assistance where appropriate. Prospects of further career advancement are excellent for the right individual

D.G. Burgon, Hoggett Bowers plc, *29 St. Vincent Place*, GLASGOW, *G1 2DT*, 041-221 2585. *Ref: G14036/FT.*

These positions are open to mala or famale candidates. Please telaphone for a Personal History Form to the relevant office, quoting the appropriate reference.

FINANCIAL CONTROLLER

We are looking for a dynamic qualified accountant with Commercial flair to take on this challenging role for a young and growing plc in the specialised lighting sector.

The candidate will have gained experience in industry with an emphasis on systems and management reporting.

A strong personality and a hands-on approach are essential, as well as the ability to work well under pressure.

An excellent package with tremendous career prospects and a chance to work with an enlightened management team is available to the right person.

Please write with full CV to:

LIGHTING TECHNOLOGY Hitech

The Chairman
Hitech Lighting plc
Tower House
Lee Valley Trading Estate
Edmonton
London N18 3HR

COMPUTER AUDITOR
EXCELLENT SALARY PLUS BANKING BENEFITS

We are a leading international investment house seeking to recruit a key member for our Internal Audit team. The role will involve the review of systems during development stages, as well as existing systems, and addressing all aspects of Data Centre operations. Responsibilities will extend across locations in London, Frankfurt and Zurich.

As a successful candidate you will have trained with one of the major accountancy firms and have around one year's post-qualification experience in computer audit. You must be a self-motivated professional who has a flexible approach, strong personality and excellent communication skills.

Interested candidates should forward their curriculum vitae and covering letter to: Box A0852, Financial Times, 10 Cannon Street, London, EC4P 4BY.

SUCCESSFUL JOB SEARCH

ARE YOU A SENIOR EXECUTIVE SEEKING A NEW FINANCIAL APPOINTMENT?

We are the professionals who can advise and help you. Since 1980, Connaught's executive clients have accessed unadvertised vacancies, obtained interviews, found the right jobs and reduced job search time.

Contact us for an exploratory meeting. It is without charge and we will tell you if we can help and at what cost; it may be easier than you think.

Expats enquire about our special service.

London: 32 Savile Row, London W1X 1AG. Tel: 01-734 3879 (24 hours). Bristol: Maggs House, 78 Queens Road, Clifton BS8 1QX. Tel: 0272-226933.

Connaught

Independent Auditor

Stockbroking

City **£40,000 plus car**

Our client is a highly respected European bank with securities trading subsidiaries in the major world centres, including the City of London. As a matter of policy each securities company is to have an independent auditor reporting directly to the chief office.

The Auditor will be expected to work both to an audit plan and on personal initiative covering day to day financial, trading and risk positions and adherence to budgets and forecasts. This requires a good knowledge of UK and international securities trading, financial instruments and treasury matters gained as an accountant in the industry, and, though the auditor is separated from compliance functions a grasp of prevailing regulations is an advantage. The majority of financial management and settlement services are run on a developing IBM38 system and the auditor will be expected to advise on the quality and structure of data outputs.

This position is in a small, professional and international team working closely at the centre of the Bank's affairs and candidates must be able to deal with senior management effectively and confidently. Age range is 35 plus and a professional accounting qualification is essential. Salary is negotiable, with car and other benefits. Please forward in complete confidence a full CV quoting reference LM600 with salary history to Terry Fuller, Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

FINANCIAL CONTROLLER

Reading **£25,000 + F.E. Car** **+ Share Option**

A rapidly growing specialist computer manufacturer which commenced trading in 1986 following spin-out from a major UK Group. With blua chip backing the business development plans show profitable growth to a turnover of nearly £50 million within three years and a market listing is envisaged in the short term. Therefore a rare and exciting opportunity exists for a qualified accountant who would relish the challenge of getting in "on the ground floor" and implementing the management information systems, budgeting, forecasting, foreign exchange and statutory accounting and have the flexibility and enthusiasm to climb the ladder of success.

Please apply to Andrew Fowler or Brett Melbourne,
Accountancy Appointments,
51 High Street, Eton, Windsor SL4 6BL.
Telephone (0753) 854256 (24 hours).

Management Personnel
RECRUITMENT SOLUTIONS
LONDON · GUILDFORD · ST. ALBANS · WINDSOR

Acquisitions role within rapidly growing PLC... excellent career prospects

c£30k + bonus + car — *London base*

Our client is a major public company with worldwide interests and a strong market position. Over the past 2/3 years the organisation has undergone radical change and strategic redirection with a concentration on their core businesses where there is significant growth potential.

Internal career development has created this need for a proactive, tough-minded qualified accountant, probably late 20's early 30's, ideally with experience of project appraisal, financial analysis or acquisitions.

After a short induction period in the company's headquarters you would be seconded for 2/3 years to a successful part of the group where you would work with the Chief Executive implementing acquisition strategy, trouble shooting and other ad-hoc investigations. There would also be an involvement with budgeting and management reporting. Success in this role should lead to promotion in 2/3 years time to either a corporate or line function.

Start salary likely to be c£30k + bonus, car, BUPA and pension. In addition to the opportunity to develop your career within a fast moving, profit orientated organisation.

Please send your c.v. quoting ref no 35073 to Phil Bainbridge,
MSL International, Pilgrim House, 2/6 William Street, Windsor, SL4 0BA.

MSL International

Finance Manager

Our client, the international trading arm of a major pharmaceutical Group, has a turnover in excess of £100m. and employs around 1250 people in over 70 countries. It has achieved rapid growth by a successful combination of assertive marketing and professional management including the imaginative use of information technology. As a result of a promotion there is now an opportunity for a high calibre Finance Manager to join this vibrant team.

The responsibilities of the successful candidate will include statutory and management reporting, financial review and analysis of major projects and liaison with the Group Financial Directorate particularly concerning foreign exchange policy. The position will report to the Managing Director.

The scope for personal development within the Group is excellent.

Candidates will be qualified accountants, probably aged early 40's who, in addition to their technical excellence, can show an outward looking and active approach to finance ideally gained in a competitive international environment. You must also be prepared to travel overseas on a frequent basis. In return an excellent remuneration package is offered.

Please write – in confidence – enclosing full details including current salary to Nigel Bates, FCA, ref. B.34023.

MSL International (UK) Ltd,
52 Grosvenor Gardens, London SW1W 0AW.
Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International

FINANCIAL CONTROLLER/ COMPANY SECRETARY WITH DIRECTOR POTENTIAL

The Company - Construction/Development Group, based in the South West.
The Rewards - Salary circa £25,000 p.a. plus car, pension and medical insurance and relocation expenses.

This medium sized Group engaged in construction and property development needs an ambitious qualified accountant to play a vital role in the senior management team. The person appointed will be aged 35-50 years, with a sound tracke record and several years' experience of the construction industry and the ability to communciate effectively at all levels.

In the first instance, please send *full* c.v. *or telephone* for an application form to:

Roy Few
Building Advisory Service
18 Mansfield Street
London W1M 9FG
Tel: 01-636 2862

SPECIALIST RECRUITMENT CONSULTANTS TO THE CONSTRUCTION INDUSTRY
basa

Office of the Parliamentary Ombudsman
Director-Investigations

London - circa £27,000

Working completely independently of government, the Parliamentary Ombudsman (Parliamentary Commissioner for Administration) is responsible for investigating complaints against the administrative actions of central government departments and certain other public bodies. The current vacancy is for a Director who will have charge of the Division concerned with complaints about taxation and related matters, and will direct the work of 2 investigation units.

Much of the work will be related to the examination and review of evidence produced by investigating staff and the subsequent preparation of reports and recommendations for the Commissioner. In difficult cases, the Director will lead the investigation personally – interviewing complainants and senior officials.

The main qualities required are the ability to master quickly a great deal of detail and distil from it the facts essential to an understanding of the arguments for and against the complaint under investigation, the penetration necessary to see all aspects of a case and to make a fair and impartial judgement and the ability to condense and present facts and findings with clarity, both orally and in writing.

Candidates must be familiar with the machinary of British government and should have an understanding of, and a sympathetic interest in, the role of the Ombudsman. They must also have had substantial senior-level experience which may have been gained in one of the professions or in central or local government or in industry or commerce. A qualification in public administration, law, accountancy or taxation would be an advantage.

Salary, starting at £26,290, rises to £29,740. This London-based appointment will be for a period of 3 years initially, and could be on secondment terms.

For further details and an application form (to be returned by 25 March 1988) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours).
Please quote ref: G/7502.
The Civil Service is an equal opportunity employer

Manager – Corporate Finance Advisory Services

Bristol

Deloittes Corporate Finance department in Bristol is extending its services to provide *an independent financial advisory service to corporate clients in the West of England.*

The new role will be to advise and assist clients in both fund raising and financial advice, preparing financial structures, defining suitable finance, identifying financiers and negotiating terms and arrangements.

The successful candidate who will work closely with, and report to the Corporate Finance partner in Bristol, will be someone with the ambition, drive and personality to make a major contribution to the practice by developing these services.

Ideally, the successful candidate will be aged late 20s to early 30s, educated to degree level and also possess a professional qualification. A number of years experience within the Corporate Finance department of a financial institution is required. A background in an organisation with a regional network, and a marketing flair would be ideal.

Salary will be negotiable and the candidate should be of the calibre to be admitted to partnership in the foreseeable future.

Applications will be dealt with in the strictest of confidence and should be addressed with a full C.V. to Mrs Fiona Robertson quoting Reference SEL/CFD/004, at the address below:

Deloitte Haskins+Sells
Bull Wharf, Redcliff Street, Bristol BS99 7TR

MANAGEMENT ACCOUNTANT

Middlesex — **Excellent Salary + Car**

Our client, a privately-owned company, turnover £12m in the home improvement market, is poised for substantial growth.

They seek a confident and qualified Management Accountant who is experienced in manufacturing, has a strong interest in computer applications and is capable of managing a sophisticated computer software package now being implemented. Good communication skills and the ability to initiate and manage change are essential.

Reporting to the Financial Controller, the appointee will be part of the Senior Management team.

An excellent remuneration package is offered including a fully expensed car, pension scheme, life and private health insurance and assistance with relocation.

For further details and an application form please telephone Windsor (0753) 867175 (24 hour service) or write in confidence to *Peter A. Page, Senior Consultant, Human Resources,* 3i Consultants Limited, 8 High Street, Windsor, Berks SL4 1LD, quoting ref: PP/724.

3i Consultants Ltd
Human Resources
A WEALTH OF EXPERIENCE

CHIEF ACCOUNTANT

circa £28k Package + car + benefits — ***Leeds***

Burton Retail is one of the largest divisions of Britain's most successful retail business with some 600 menswear fashion outlets.

Due to the continuing success and expansion of our division an exciting new opportunity now exists for a senior manager to join our finance function in Leeds, responsible to the Financial Controller.

We are looking for a seasoned professional whose prime responsibility will be the day-to-day running of the Finance Departments with the emphasis being on the management of 120 professional and clerical staff. Other responsibilities will include the development of financial controls, reporting systems and the provision of management information together with the on-going requirement to prepare both the monthly and annual accounts.

Candidates for this position must be qualified accountants but more importantly must be able to demonstrate the personal qualities and strengths required to operate at this level, notably communications, leadership and motivation skills appropriate to the management of a large team.

Career opportunities within Burton are exceptional and it is envisaged that the individual appointed will progress to a senior level within the Group.

If you wish to apply for this key post, please send details of your education, experience and current salary to:—

John Parr, Personnel Manager, Burton Retail, Hudson Road, Leeds LS9 7DN.

Relocation assistance will be provided where appropriate.

BURTON

HEAD OF INTERNAL AUDIT

West Midlands — **Package up to c.£27k + Car**

Our Client is a strongly performing and expanding British-owned international manufacturing group with sales of £500m.

The group is deliberately decentralised but has at the centre a small number of professional specialists, which include a group internal audit team. A senior experienced and qualified accountant, probably under 45, is sought to lead this team.

The major responsibilities of the job will include working with the group's businesses and their external auditors to ensure the highest standards of professional auditing, and carrying out key investigations, including acquisitions.

Candidates, male or female, must combine industrial experience as a Finance Director, Controller, Chief Accountant or Senior Auditor, with all-round business flair and man-management skills.

Overall salary package, including bonus, up to about £27k plus fully expensed car, non-contributory pension and health insurance – Relocation expenses if appropriate. There are good prospects for further career development in the group.

Please apply in confidence to Tony Marx, Bull Thompson & Associates Limited, Edgbaston House, 3 Duchess Place, Edgbaston, Birmingham, B16 8NH.

Bull Thompson
CORPORATE AND RECRUITMENT CONSULTANTS

Accounting Professionals New York

We are Seidman & Seidman/BDO, the fastest growing accounting firm in the U.S. with forty-six offices nationwide. Seidman & Seidman/BDO is the U.S. member firm of Binder, Dijker, Otte & Co., and Binder Hamlin is the U.K. member firm. Exceptional growth in our New York office has created opportunities for Public Accountants qualified within the past 24 months. The successful candidates will have training and experience at a leading firm of chartered accountants.

Initially we are offering a minimum of two years employment. Employment will be conditional upon successful obtainment of an H-1 Visa. There are opportunities for permanent residency sponsorship beyond the two year period.

We offer a high compensation package based on the New York market, relocation assistance and guidance with Visa rules, regulations and requirements. Please forward your C.V. to: Robert A. Gaida - Partner, Human Resources Department, Seidman & Seidman/BDO, 15 Columbus Circle, New York, N.Y. 10023, USA.

Seidman & Seidman | BDO

CYNGOR SIR GWYNEDD COUNTY COUNCIL

County Treasurer

(Second Advertisement)
Salary Package c.£38,000

The Council is seeking to fill this Chief Officer post by August, 1988 on the retirement of the present County Treasurer. As the Chief Officer of the Finance Department the Treasurer is responsible for giving financial advice to the County Council and he is generally responsible for the management of the Council's finances.

The Treasurer will be expected to contribute to the corporate management of the County Council through the Chief Officer's Management Team.

Applicants should be qualified accountants, CIPFA, or ICA. They should have proven management ability in a large and complex organization.

Ability to communicate in Welsh and English essential.

Car allowance and assisted purchase facilities available. Financial assistance towards and resettlement expenses in appropriate cases.

Closing Date: 28th March, 1988.

Application forms and further particulars available from the County Personnel Officer, County Offices, Caernarfon, LL55 1SH, Tel (0286) 4121 ext 2078.

IPP

FINANCIAL RECRUITMENT CONSULTANTS

CHIEF ACCOUNTANT (N. EUROPE) £35,000 WC1
Leading Publishing Company offers a challenging position encompassing all Financial and Management Accounting functions as well as staff development. Ideal candidate 3 years Qualified ACA. Self starter/strong personality, based in London reporting to the Financial Director. Terrific long term prospects.

NEWLY QUALIFIED CITY £NEG
Recently Qualified ACA's are being sought urgently by this very large multi-national Company. You should have qualified at your first attempt and preferably have had some experience in Tax. If this is the case, than a very competitive salary package is offered, together with excellent career potential.

SYSTEMS AUDITORS £26,000 + BENEFITS CITY
Expanding UK Company seeks Qualified ACA with previous Computer Audit experience. Duties will include; involvement with systems development, communication reviews as well as general Computer Audit work. There is sufficient flexibility so that work can be tailored to meet individuals training/development needs.

OPERATIONAL AUDIT MANAGER £32,000 + CITY
Rapidly expanding blue chip company, seeks an experienced Audit Manager, to take responsibility for planning and implementing audit projects, selecting high calibre staff and presentation of findings and recommendations. Reporting directly to the Operational Audit Controller, the role will involve a very high level of Senior Management contact. Applicants 30-35 years old, qualified ACA/ACCA with some depth of post qualification experience in the profession.

For an informal talk on these posts and the prospects on offer please contact; Andrew, Nicola or Mark on 01 929 5850 or 283 1555.

Information Processing People
133 Middlesex St. Bishopsgate E.1.

FINANCE DIRECTOR

Pel Limited is a privately owned West Midlands Furniture Manufacturer employing 250 people, with a turnover of £8 million per annum.

A Finance Director is to be appointed to take control of all financial matters, with the key tasks being to improve management information systems and being an important contributing member of a small board of Executive Directors.

Applicants must already have experience of running a finance department in a manufacturing environment where product variety is vast and financial resources tightly controlled.

Salary is negotiable and fringe benefits include a company car and medical insurance.

Prospects are excellent in terms of financial rewards according to the success of the business.

Reply to: M. M. Meredith, Pel Limited
Rood End Road, Oldbury, Warley
West Midlands B69 4HN

NEWLY OR RECENTLY QUALIFIED ACCOUNTANT

S.W. LONDON c £20,000 + Car + Benefits

This fast growing private group of companies, with turnover in excess of £120 million; has plans to obtain a full listing in the near future. As a result of its continuing expansion, both organically and by acquisition, a vacancy has arisen for an energetic young accountant. The position will be based at the Head Office and responsibilities will include group financial and management accounting, acquisition investigations and other ad hoc tasks.

Suitable candidates will be newly or recently qualified ACAs in their mid-twenties seeking their first move from the profession.

For further details please send a CV and salary history in strictest confidence to:

Box A0831, Financial Times,
10 Cannon Street, London EC4P 4BY

ACCOUNTANCY APPOINTMENTS

ALSO APPEARS ON PAGE 24

Finance Director

c£24,000 + Car
Hertfordshire

Our client is a highly profitable service and manufacturing operation that is market leader in its field and has recently been acquired by a substantial plc. The company is going through a period of significant change, turnover c£6m shortly to increase to £10m, and the newly appointed Chief Executive seeks to strengthen the financial and general management controls throughout.

A Finance Director is now sought to effect these changes which will include the development of financial and management reporting with total implementation of controls across the company. The role will require the individual to be part of the management team in running the business and therefore should be able to take an active commercial role.

Candidates will be qualified accountants in their late 20's/early 30's who must be able to enjoy responsibility, take commercial decisions and have a good team attitude. Enthusiasm and organisational ability are absolutely vital for this new exciting role. Prospects with the Group are excellent.

Please write or telephone enclosing a full curriculum vitae quoting ref: 209 to:

Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

Financial Controller
Latin America

Our Client, a leading international consumer products group, with operations worldwide, are currently seeking a career-minded individual for one of their major operations in Latin America.

Reporting to the General Manager and the Group Financial Controller, you will be responsible for the whole finance and accounting function. The main responsibilities include:

* preparation of accounts and reports
* budget formulation and control
* monthly management reporting
* treasury, tax and legal aspects

Candidates should be qualified accountants, preferably graduates, with a minimum of 5 years PQE. You should be able to speak Spanish and, ideally, have Latin American experience.

As a member of the Senior Management Team you will be expected to demonstrate leadership qualities as well as, from time to time, act as the General Manager's sparring partner.

For the successful candidate the career prospects, salary and benefits are excellent. Interested candidates should contact Warwick Holland on London 831 0431 or write, enclosing a full CV, to Michael Page International, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page International
Recruitment Consultants
London Amsterdam Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

The Royal Bank of Scotland

Manager - Treasury Support

The Royal Bank of Scotland currently has a vacancy for the position of a Manager in our Treasury Support Department based in the City.

The successful candidate is likely to be a qualified accountant. Familiarity with desk top micro-computer based modelling techniques is essential. Experience of bank auditing or investigative work is desirable.

The principal responsibilities include:

* Development of a professional approach to asset and liability management.
* Provision of support to dealing staff in assessing the viability and accounting implications of new off-balance sheet and traditional financial market instruments.
* Evaluation of lending proposals.
* Profitability analysis.

We offer an excellent remuneration package, including profit sharing scheme, an annual bonus, non-contributory pension, Staff House Purchase Scheme, BUPA health insurance, contributory car scheme and generous holidays.

Please apply, enclosing full CV including details of current remuneration to:

**Mr A W R Russell, Personnel Manager,
The Royal Bank of Scotland plc,
Regent's House, PO Box 348
42 Islington High Street,
London N1 8XL**

Financial Controller
Directorship Opportunity – Service Sector
Cotswolds based — **to £35k + car + bonus**

This major UK group provides a wide range of security services and has enjoyed significant growth and increased market penetration through innovation and diversification in recent years. Continued expansion has resulted in the need to appoint a Financial Controller who will report to the Director of Finance and Administration and take a proactive and leading role in the commercial development and forward planning of the business.

The role focuses on the performance of the operating divisions and this entails monitoring progress and contributing to decisions and problem solving. Supported by four managers and a team of 40, you will take complete responsibility for the financial function, including financial accounting, tax, treasury, budgeting and forecasting. A key task will be the further development of management information systems, reporting standards and controls.

A qualified accountant, aged 32-40, you have a good technical background ideally gained in a marketing driven, medium or large company. Positive yet diplomatic, with strong communication skills, you will be credible and influential at all levels of management. A high level of computer literacy, sound organisational ability and a practical, pragmatic approach are essential.

In addition to a generous salary and benefits package, and assistance with relocation expenses if necessary, this position offers real prospects of a Directorship within the next two years. To apply, please write with full career and salary details, in complete confidence, to Jane Comben, Associate Director of Cripps, Sears & Partners Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2 6ST, Telephone: 01-404 5701.

Cripps, Sears

FINANCE DIRECTOR
Bristol Area — **c£28,000 + Car**

Our client is the substantial manufacturing subsidiary of a profitable and fast expanding major British plc.

It now seeks an able and ambitious Finance Director to further develop effective controls and provide commercial guidance to aid in the profitable growth of the business.

The ideal candidate will be a business-orientated accountant aged around 35, who possesses good inter-personal and technical skills, including the development of computerised management information.

Please reply in confidence with a comprehensive curriculum vitae including details of current earnings and a daytime telephone number to **D. E. Shribman.**

HUDSON SHRIBMAN
THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

ANALYST - FINANCIAL UNDERWRITING

City — **circa £20k plus bonus & benefits**

The insurance industry is establishing an important position in the field of wholesale financial services. As underwriting agents for a new pool of insurers we are seeking an analyst who will take broad responsibility for measuring and collating risks and participate in the underwriting for this growing market. This will include systems development and, whilst no specific programming experience is required, applicants must be broadly familiar with DBMS and spreadsheet applications on a pc based LAN.

This is a ground floor opportunity to develop a key role in an exciting new area. The candidate may be a graduate with an accounting qualification but will, above all, be capable of clear and logical thought.

CV together with a hand written covering letter to:-
Miles Robinson FCA, Alastair Malcolm Associates Ltd,
1 Pepys Street, London EC3N 2PL.

Senior Financial Analyst
c. £24,000

Occidental Petroleum (Oxy) is a major U.S. based energy corporation employing some 51,000 people worldwide and with an annual revenue in excess of $15 billion. Our London office operates the administrative H.Q. for our oil and gas eastern hemisphere interests. It is here we need to further strengthen our existing team of Financial Analysts who provide information on forecasting and planning which substantially affects the direction of development programmes.

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Ideally qualified to degree level, you will hold a formal accounting qualification supported by at least three years' relevant experience gained in a busy commercial environment where you have become familiar with modern computerised techniques.

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FINANCIAL TIMES
Thursday March 3 1988

BOC to sell US carbon graphite units for $240m

BY CLAY HARRIS IN LONDON

BOC Group, the UK-based industrial gases producer, is to sell its US carbon graphite operations to Showa Denko, the Japanese chemical company, and to a consortium led by a BOC director.

BOC announced the sales yesterday after concluding that the US Justice Department was preparing to block on anti-trust grounds a previously agreed deal with Horsehead Industries, a private US company.

The disposals price the businesses at their net book value of $240m, although BOC's decision to provide loan and equity capital to the buy-out consortium will limit its immediate proceeds to $170m.

The transaction will give Showa a US production base for graphite electrodes, which are used in electric-arc steel furnaces. It continues the recent overseas buying spree by Japanese industrial companies.

The new deals come more than seven months after BOC said it would sell three electrode plants to Horsehead for $190m. Yesterday's disposals involve two additional facilities.

Although the US authorities have not announced a decision, they are believed to focnsed solely on competition in tbe domestic market, in which BOC and Horsehead together account for about half of sales of graphite electrodes.

BOC had argued that anti-trust regulators should consider the world market where Union Carbide, the US chemical company, is the dominant producer.

Showa is paying $100m for BOC's most modern electrode plant in South Carolina.

The consortium will pay $140m for two older factories in Pennsylvania and New York, as well as a Texas plant producing needle coke, an intermediate raw material for the electrodes, and a Kentucky operation making calcium carbides, which are used as a fertiliser feedstock and in acetylene production.

Ian Rodger in Tokyo writes: Showa already exports a considerable proportion of its Japanese electrode output, but the rise in the yen has made those exports uneconomic.

In 1986, the strong yen and its effect on electricity prices prompted Showa to withdraw from aluminium smelting in Japan. Extraordinary charges that year amounted to Y27bn ($211m at current exchange rates).

However, buoyant domestic demand for petrochemical products fuelled a strong recovery last year, when sales were up 17.7 per cent to Y415.6bn and pre-tax profits soared 71 per cent to Y15.3bn.

Pepperell bids for Stevens

BY ANATOLE KALETSKY IN NEW YORK

J.P. STEVENS, the large US textile company which was considering going private in a leveraged buyout led by its own management, has received a $1bn merger offer from West Point-Pepperell, the biggest US textile concern.

Stevens added that one other outside bidder had also come forward, but would not disclose further details of this offer.

West Point-Pepperell, which has offered $56 a share in cash for Stevens, is a Georgia-based company with a turnover of more than $2bn. The group specialises in many of the same products as Stevens and may have to sell some assets to avoid anti-trust complications.

Woolworth increases earnings to $251m

By Roderick Oram in New York

F.W. WOOLWORTH, tha US retailer which has engineered a substantial revival of its fortunes over the past five years, has reported a further increase in profits and sales.

Tha improvement came in its speciality and West German stores while the performance of its US and Canadian general merchandise stores declined.

Net profits for the fourth quarter ended January 30 rose 12 per cent to $131m or $2 a share, from $117m or $1.77 a year earlier. Sales grew by 10 per cent to $2.22bn from $2.01bn. Full-year net advanced 17 per cent to $251m or $3.81 a share, from $214m or $3.25, on sales ahead at $7.13bn against $6.5bn.

Operating profits of Woolworth stores in the US slipped to $95m in the year from $96m a year earlier, while those of Canadian stores dropped to $62m from $70m. The West German unit boosted profits to $73m from $52m, although part of the higher profits and sales abroad reflected favourable translation into dollars as the US currency declined.

Wal-Mart Stores, the third largest US retailer, has reported further sharp growth in profits and sales, thanks in part to the opening of 176 new stores during the year ended January 31.

Fourth-quarter net profits rose 34 per cent to $247.1m or 44 cents a share, from $184.3m or 32 cents, on sales ahead 30 per cent at $5bn from $3.85bn.

Full-year net grew by 39 per cent to $627.6m or $1.11 a share, from $450.1m or 79 cents a year earlier, on sales ahead by 34 per cent, to $15.96bn from $11.91bn. Excluding the new stores, sales rose 8 per cent in the quarter and 11 per cent in the year.

Shareholders return on equity was 37 per cent against 35 per cent a year ago.

James Buchan in New York looks at the latest case of a chief executive abandoning retirement

Spoor returns to lead the fray at Pillsbury

A NEW KIND of management succession is catching on in US boardrooms. A strong and influential chief executive picks his successor and retires. A year or two passes. Things go badly. The directors get restive and recall the old man, grumbling but eager, from the golf-links of Florida or the Wyoming trout streams. His protégé quits or is fired.

In the past two years, this drama has been played out, with variations, at BankAmerica, J. Walter Thompson and Beatrice. On Monday, it received its definitive performance at a Florida hotel where the directors of Pillsbury, the big Minneapolis food group, held a board meeting.

During the meeting, Mr John Stafford, 51, quit the group he has headed as chairman for just three years. He is replaced, for the moment, by Mr William Spoor, who is 65 and ran the company with an iron grip for 13 years before Mr Stafford.

Wall Street is still buzzing with the boardroom coup. Investment analysts say the directors were alarmed that the venerable company might fall prey to a takeover or bust-up unless management came to grips with its problems and raised its earnings and stock price.

"They had to make the change to ensure the independence of the company," says Mr John McMillin, an analyst at Prudential-Bache.

These analysts say that Mr Stafford was simply not up to the job of running a $6bn company and lacked the experience to reverse Pillsbury's loss of market share in its restaurant division, above all at Burger King in Miami, which is being left behind by McDonald's.

However, nobody is putting all the blame on Mr Stafford. The company be inherited was so inured to Mr Spoor's autocratic, sometimes arbitrary style that it became skittish at lighter handling. Pillsbury lacked the depth of management to support Mr Stafford's collegiate approach.

Wall Street is saying Mr Spoor should have known this when he pushed his protegé forward.

When Mr Spoor took over as chief executive in 1973, Pillsbury was still predominantly the grain merchandiser and flour-miller it had been for a century, although it already owned Burger King.

Mr Spoor, the son of a flour salesman who has only ever worked at Pillsbury, turned the stolid grain concern into a big-league food company with acquisitions in frozen and packaged foods and restaurants, including the Steak & Ale and Godfather's Pizza chains.

Mr Spoor hoped to balance out Pillsbnry's mature flour and dough businesses by following the American public out of their kitchens and into restaurants.

Mr Spoor's ferocious style is legendary. Mr Steven Carnes, who used to work at Pillsbury handling investor relations, says that one day in 1979 be hid when Mr Spoor came raging down the passage.

"The stock was falling every day," said Mr Carnes, now a broker at the Minneapolis firm, Piper Jaffray. "I heard him yelling that it was me sending the stock down, so I just dove under the desk."

In 1979, Mr Spoor bought the Green Giant vegetable company and with it Mr Stafford, a good-looking Yale man and former Marine who had done well in the advertising business and headed the Green Giant marketing department. He went on to run Pillsburys packaged foods business, where profits grew sharply under his management, and then took over as chief executive, president and chairman in 1985.

This brought him into direct contact with the restaurant operations down in Miami for the first time — and analysts complain he had no feel for the fiercely competitive business.

Burger King was suffering from high management turnover and a disastrous advertising campaign — the celebrated "Herb the Nerd" spots done by J. Walter Thompson. Managers kept tinkering with the menus without finding a winning formula.

In the year to May 1987, operating profits in the restaurant divisions fell 28 per cent and Pillsbury suffered its first decline in earnings (from $209m to $182m) since before the Spoor era.

Last September, Burger King did fire JWT and picked N. W. Ayer to revamp the chain's advertising. But the resnlt, according to Advertising Age, is no better. The new ads are "sloppy, uneven, confusing, not a little bizarre," the magazine said on its front page last week.

In October, Mr Spoor was invited back by the directors to Pillsbury, ostensibly to work on "special projects." For many industry observers, Mr Staffords days were numbered.

In January, Mr Stafford played his last card. He said he would close more than 100 restaurants he had just launched and take a charge to profits of $91m — but this did not go far enough for Wall Street.

"There was just too much analysis, and not enough leadership," said Mr Carnes. "Mr Stafford would not take the tough decisions necessary," said Mr Craig Carver, a broker at the Piper Jaffray.

In just two days as chairman, Mr Spoor has moved quickly to restore confidence among employees and on Wall Street. Speaking after the close of the two-day board meeting on Tuesday, Mr Spoor scotched rumours that Burger King or Pillsbury itself might be for sale, shuffled management in the packaged food business, and created an operations committee to bring the food managers in Minneapolis and the fast-food people in Miami together.

UK insurance rules criticised

BY CLIVE WOLMAN IN LONDON

SIR GORDON BORRIE, the UK's Director General of Fair Trading, yesterday published his most stinging condemnation of the new investor protection framework in his report on the rule-book of Lautro, the life insurance and unit trust industry's self-regulatory organisation (SRO).

He accused Lautro of setting up a price-fixing cartel, the only justification for which was the unacceptable suppression of information to customers about the commissions being paid to insurance brokers and advisers.

The special position given to life assurance and unit trusts under the new regime distorted competition. They alone can be sold by door-to-door salesmen and through a commission system "which is less than transparent."

He renewed his criticisms of the polarisation, by which bank managers and insurance intermediaries are barred from selling their own company's unit trusts and insurance policies if they purport to be independent advisers.

He criticises the Lautro polarisation rules and says they give the insurance companies an unfair advantage over banks.

If Lord Young, the Trade and Industry Secretary, accepts any of the main criticisms, he risks delaying the anthorisation of Lautro beyond the April deadline when the new investor protection framework under the Financial Services Act takes effect. Lautro's maximum commissions scale, the main target of Sir Gordon's critique, comes into effect on July 1.

Mr Malcolm Reid, Lautro's chief executive, said last night: "There is a compelling argument for saying that we would not have much to do without a commissions agreement."

Buyout at Ingersoll unit

BY NICK GARNETT IN LONDON

INGERSOLL ENGINEERS, the management consultancy arm of Ingersoll International, the US machine tool maker, has been bought by its managers.

The four separate divisions of Ingersoll Engineers in the US, West Germany, the UK and France, which together employ more than 300, are being set up as separate and autonomous companies.

An international group board to oversee joint projects and exchange of information has been created, made up of representatives from the separate companies and from the Berliner Handel und Frankfurter Bank.

In each of the companies the bank holds 25 per cent of the equity with Ingersoll staff holding 75 per cent. The sale price was not disclosed.

Ingersoll Engineers is not one of the world's largest management consultancies but it has done a lot of work on shopfloor reorganisation and re-equipping at some of the main manufacturing companies in Europe and North America.

Ingersoll International, which specialises in making large special purpose machines used, for example, by vehicle and aircraft manufacturers had sales last year of about $400m.

INTERNATIONAL COMPANIES AND FINANCE

Framatome raises stakes in Télémécanique battle

BY PAUL BETTS IN PARIS

FRAMATOME, THE French nuclear power plant construction group 40 per cent owned by Compagnie Générale d'Electricité (CGE), yesterday sweetened its bid for Télémécanique to FFr5,800 a share, valuing the French factory automation company at FFr9.13bn ($1.6bn).

Framatome's latest offer tops the FFr5,500 a share bid from Schneider, the French industrial group, which launched a hostile raid on Télémécanique a few weeks ago.

It has the backing of Télémécanique's board.

However, Schneider said yesterday it had increased its stake in Télémécanique from 12 per cent to 24.5 per cent, buying 205,000 Télémécanique shares for about FFr1.13bn on the open market.

Framatome's latest bid involves 710,000 Télémécanique shares, or 45.1 per cent of the embattled company's capital. But Framatome can also count on an additional 10 to 12 per cent block held by the company's management and employees.

Moreover, Framatome has acquired, for FFr500m, a 9 per cent block of Télémécanique shares from Cofitel, a holding company set up by Télémécanique to defend itself from hostile takeovers.

The Cofitel shares were frozen by the French courts after Schneider filed suit to block this holding.

Framatome has taken action to unfreeze the 145,000 shares it acquired from Cofitel.

Under French takeover rules, Schneider must now make an offer of at least FFr6,090 a share, or 5 per cent higher than the latest Framatome bid, if it intends to pursue the battle.

Télémécanique is expected to report profits slightly over FFr300m on sales of about FFr6.9bn for 1987.

The management and employees of Télémécanique, which has a workforce of about 13,700, have openly sided with the nuclear power plant construction group, staging a series of demonstrations in Paris and the provinces.

Yesterday, for the first time in the company's 64-year history, Télémécanique employees went on a general strike with the backing of their management to protest against the Schneider takeover raid.

More than 100 employees also demonstrated outside the Paris bourse with slogans extolling the virtues of Framatome and their opposition to Schneider.

Banesto prepares bid defence

BY OUR MADRID CORRESPONDENT

SHARES IN Banco Espanol de Credito (Banesto), Spain's second biggest bank, remained suspended on all four of the country's main stock exchanges yesterday while it prepared an apparently rushed defence of its vast industrial holdings.

This week the bank is expected to offer a mixture of its shares and cash for control of five investment trusts through which it controls industrial companies. Shares in the trusts – Fintisa, Petrisa, Cartisa, Invatisa and Rentisa – were suspended on Monday.

Banesto was refusing yesterday to say how much of the trusts it already controls but analysts were sceptical about reports that Mr Giancarlo Parretti, the Italian financier, was threatening Banesto's domination of them and, by the same token, manoeuvring to take a seat on the Banesto board.

The trusts – limited by law in how much stock they can hold in any entity – trade narrowly and are very closely held.

There was no clear explanation, though, of why Banesto, which has equity interests in about 800 industrial companies, should have acted with such apparent haste.

By including shares in the offer for the trusts, Mr Mario Conde, Banesto's new chairman, could ensure that more of the bank's equity was placed in "safe" hands. Late last year Banesto successfully fought off a takeover bid by Banco de Bilbao.

Mr Conde, appointed chairman after the takeover attempt, has said he wants to tighten Banesto's control of its industrial holdings to prevent them falling into hostile hands.

SBC holds payout despite income fall

By John Wicks in Zurich

SWISS BANK Corporation suffered a 3.2 per cent decline in net profits to SFr652.3m ($469.2m) last year but plans to pay an unchanged dividend of SFr13 a share and participation certificate.

Mr Walter Frehner, executive board president, said yesterday that 1988 was likely to be a difficult year, although SBC was confident it would retain market share and show a result broadly comparable with 1987.

The bank's profits for last year declined by almost the same percentage as those reported last week by Union Bank of Switzerland and Credit Suisse. Mr Frehner said there would have been a substantial rise in earnings had it not been for the dollar's weakness, pressure on interest margins and high investment requirements.

Net commissions rose by 3.9 per cent to SFr1.24bn, due primarily to lively securities business, while net interest income remained virtually unchanged at SFr1.15bn.

Elsewhere, earnings from foreign exchange and precious metals trading improved by 6.8 per cent but securities income dipped by 3.7 per cent.

SBC's balance sheet expanded by 6.1 per cent to SFr146.2bn. Advances rose by 15.6 per cent to SFr71.3bn.

SBCI, the bank's international investment banking arm, lost money last year as a result of the stock market crash, running-in costs in the Far East and goodwill payments in connection with the acquisition of Savory Milln, the London broker.

Mr Frehner said the possibility of a merger between SBCI in London and Savory Milln was under investigation.

New company to challenge Nokia-Mobira

By Olli Virtanen in Helsinki

THREE FORMER executives of Nokia-Mobira, the Finnish mobile telephone manufacturer, have set up a company which will compete almost head-on with their former employer.

The company, Benefon, will be controlled by Mr Jorma Nieminen, former president of Mobira, and two other former Mobira executives.

Its capital of FM16m ($3.9m) is divided among about 40 Finnish institutional and private investors.

According to Mr Nieminen, the company will specialise in research and development, manufacturing and marketing of user terminals for public teleservices.

Possible products include home and office telephones, cordless and cellular telephones and radio pagers. Benefon will concentrate on the European market.

Strong gains at United Paper

By Our Helsinki Correspondent

UNITED PAPER Mills, the Finnish forest products group whose interests include Shotton Paper in north Wales, has reported a 24 per cent increase in profit before depreciation and taxes to FM497m ($122.1m) for 1987. Turnover rose by 9 per cent to FM5.21bn.

Mr Niilo Hakkarainen, managing director, described the result as "excellent for the fourth successive year." Much of it was due to brisk demand and high capacity utilisation at most mills.

The group produced 1.17m tonnes of paper and board, an increase of 7 per cent over 1986. Sawn timber production declined by 2 per cent to 231,000 cu m.

Group capital investment this year will include a second 200,000 tonne newsprint paper machine and de-inking plant at Shotton. This is due to come on stream in 1989.

Kuwaitis set to win seats on ERT board

BY PETER BRUCE IN MADRID

A LONG-RUNNING battle for control of Union Explosivos Rio Tinto (ERT), Spain's biggest chemicals company, was drawing to a close last night with the Kuwaiti Investment Office (KIO) poised to win effective control of up to half the seats on ERT's board.

Mr Maria Escondrillas, the chemicals company's chairman, has been trying to fight off a determined effort by Cros, the Catalonian chemicals group which is a KIO subsidiary, to take seats on the board. But it appeared late yesterday that he had finally been beaten down by pressure from the Spanish Government and ERT's creditor banks.

KIO, Cros, ERT and bank executives are believed to be holding final talks in Barcelona.

ERT became the subject of Spain's biggest financial restructuring in early 1984 after it stopped servicing its $1bn debt in 1982.

Since then, the banks which helped it out have accumulated about 22 per cent of ERT voting rights that derive from preferred shares paid in lieu of interest.

The Kuwaitis, through their Spanish affiliates, have just under 25 per cent of ERT and are understood to have won bank support for their bid to get on the ERT board by offering a more rapid repayment of ERT's debt.

The creditor banks, led by Banco Hispano Americano, are owed about $200m in debt and about $350m to credits and preferred shares. Banco Hispano alone would account for about 13 per cent of ERT voting rights through its exposure in the group.

Tacitly conceding that the banks had put pressure on Mr Escondrillas to concede seats to the Kuwaitis, one ERT creditor said yesterday: "The banks want their money back, but the last word is with the Government and Hispano.

"This is an important deal and we're just waiting for the intrigue to end."

The Government, for its part, appears to favour KIO's entry into ERT as that would finally clear the way for a restructuring of the country's troubled fertiliser industry.

Mr Escondrillas's defence – that ERT's defence industry activities make it unsuitable for foreign domination – has been largely dismissed by government officials in Madrid.

The Government would probably insist, should the KIO interests win seats in ERT, on hiving off the group's defence business and use this as an excuse to restructure the national arms industry as well.

Earnings per share slip at German energy group

BY DAVID GOODHART IN BONN

VEBA, THE West German energy and chemicals conglomerate, has reported a slightly lower earnings per share figure for 1987, at DM24, even after allowing for a restatement of the 1986 figure down to DM24.7.

However, according to figures released yesterday, net profit in 1987 rose to DM943m ($561.3m) from DM919m in 1986. The 1986 figure has been adjusted downwards because reserves accumulated for the payment of pensions can no longer be included in earnings.

Turnover was down slightly, from DM40.1bn to DM40.06bn.

The electricity division continued to provide the main share of earnings but, as a result of heavier depreciation on new power plants, its contribution fell from 60 per cent to 56 per cent.

Chemicals increased its share from 27 per cent to 31 per cent, even though the mid-year acquisition of the chemicals side of Feldmuehle Nobel was not included. Trade and transport remained static at 10 per cent.

Lower oil prices caused a loss in the oil refining division and a fall from 2 per cent to 1 per cent in oil's overall contribution to earnings.

● MAN, the heavy engineering group, has reported broadly unchanged turnover of DM6.1bn for the six months ended December 1987.

Order inflow during the period rose 9 per cent to DM6.6bn. The order backlog stood at DM11.6bn, against DM11bn six months earlier.

Bank takes protective 20% holding in Baloise

BY OUR ZURICH CORRESPONDENT

SWISS BANK Corporation (SBC) has taken over a packet of registered shares in Baloise, the Swiss insurance group.

The bank, which will now hold a stake of more than 20 per cent in Baloise, said the shares had been acquired from a group which wished to remain anonymous. Part of the shareholding was bought from an unnamed foreign group.

Baloise, which had felt threatened by the presence of an unknown leading shareholder, has welcomed the bank's move. SBC has undertaken not to use its equity interest to exert any influence on the insurance group's management.

At some point in the future it intends to place the block of shares with long-term investors.

At an extraordinary general meeting yesterday, Baloise shareholders agreed to an earlier board decision to restrict individual holdings of registered shares.

The company's share register was temporarily closed early last month. But the company is to make an exception of the SBC stake, which will be entered into the register.

The bank will remain subject to statutory voting limitations whereby no single shareholder can account for more than 20 per cent of all votes present or represented at a general meeting.

CRA pays more after record result

BY BRUCE JACQUES IN SYDNEY

IMPROVED METAL prices and some judicious accounting changes helped CRA, the big Australian mining group, to achieve record earnings in 1987. The company, an affiliate of the London-based RTZ group, lifted after-tax profit by 68 per cent from A$188.2m to A$232.1m (US$166.9m), and the annual dividend has been raised from 13 cents to 19 cents a share.

The result reflected a boom second half, which saw earnings of just over A$200m, as the company moved to take full toll of higher prices for aluminium, gold and copper and finally got its traditional lead-zinc operations at Broken Hill back into the black.

The result after extraordinaries was even more impressive, especially when compared with the previons year, when CRA recorded a disastrous A$173m foreign exchange loss, taking its bottom line more than A$112m into the red. In the latest year, the company received A$81.8m on the disposal of assets and, with asset write-backs, this took available earnings to A$322.7m.

The latest result was also boosted by an exchange gain of A$27.4m, which CRA has included as trading income under new accounting conventions. The company also added A$38.1m to its earnings through a change in valuing inventories and a further A$17.8m through a change in treatment of withholding tax. The result also included a A$32.8m equity accounted contribution compared with A$24.5m previously.

A breakdown of the results showed that the best contributions came from the company's interests in the Comalco aluminium operation, up from A$37.8m to A$112m, and Bougainville copper, up from A$37.7m to A$69.1m. The full-year loss from Broken Hill-based lead, zinc and silver operations was reduced from A$66.8m to A$6.6m, while the group's impressive diamond operations doubled their contribution to A$24m.

But coal remained a trouble spot, with earnings nearly halving to A$18.4m, and reduced demand from Japanese steel mills saw the Hamersley iron ore operation drop its contribution from A$111.8m to A$54.2m. The directors singled out improved industrial relations as a major factor in the overall improvement. They said a new industrial agreement at Hamersley had reduced the workforce, eliminated many inefficient work practices and lifted productivity. This, taken with higher iron ore sales negotiated with customers, was expected to lift Hamersley's performance in the current year.

Similar prodnctivity gains were achieved at Broken Hill, helping CRA to cut overall staff numbers by 6 per cent in the year.

The company maintained a large capital investment programme, spending A$536m. This was funded by divestments of just over A$200m, a rise from A$959m to A$1.09bn in cash generation and equity raisings of A$179m. The strong year allowed debt to be reduced by A$261m to A$1.97bn, reducing financing charges to A$302.9m from the previous year's A$337.4m.

While acknowledging that metal price increases had strongly benefited results, the directors pointed to some downside. "While prices increased in US dollar terms, the currency in which most international sales are expressed, the impact of these increases was reduced by the relatively strong Australian currency," they said.

"Reduced demand for iron ore and coking coal created competitive price pressures which, with the unfavourable exchange rate effect, caused Australian dollar prices in 1987 to be significantly lower than in 1986." Overall sales increased from A$4.8bn to A$5.1bn.

CRA maintained an active exploration programme in the year, lifting expenditure from A$42.9m to A$56.7m, with the emphasis on gold, petroleum and diamonds. The trading results lifted earnings per share from 27.9 cents to 41.6 cents, with tax taking A$242.9m against A$171m and depreciation A$363.2m compared with A$352m. Depreciation charges were rednced by asset write-downs, particularly in coal and lead-zinc-silver operations.

Buyers in sight for Petrocorp

BY DAI HAYWARD IN WELLINGTON

THE NEW ZEALAND Government expects to replace British Gas with a new buyer for Petrocorp, its energy group, within 36 hours, Mr David Lange, the Prime Minister, said yesterday.

The most likely candidate is Fletcher Challenge, which already has Commerce Commission approval for the move and, equally as important, also has the financial resources to meet the NZ$800m (US$526m) purchase price.

Next in line would be Brierley Investments, which already owns 15 per cent of Petrocorp and is desperately anxious to acquire the Government's 70 per cent as part of its long-term strategy to dominate New Zealand's gas and oil industry.

An earlier application by Brierley was rejected by the Commerce Commission because the acquisition would give it a virtual monopoly of the North Island gas industry.

Shell yesterday also publicly declared its interest in obtaining a 40 per cent stake in Petrocorp in a joint offer with the local oil company, Todd Petroleum.

Shell suggested to the Government that, because Petrocorp enjoys such a dominant position in energy, it would not be appropriate to sell the company to one single buyer.

The Australian-based Elders IXL also earlier declared its interest in a joint deal with New Zealand Forest Products, but had to pull out when the Government gave a 36-hour deadline for bids.

British Gas has made it clear it wants its offer of NZ$11.75 a share to remain on the table.

Mr Richard Prebble, the State Enterprises Minister, hinted that another overseas buyer was also a candidate.

But there were growing reports yesterday that one reason for the Government pulling out of the agreement with British Gas was because it feared a revolt from many of its own back-benchers, angry at the sale of the large energy group to an overseas company. It is known there was a hot debate in the caucus meeting of Labour MPs last week, but in the end the majority of MPs gave the Government the go-ahead.

A compelling reason for their reluctant support of the sale to British Gas was the Government's urgent need for the proceeds to reduce its budget deficit and to retire some of the huge overseas debt.

Yesterday, both Mr Lange and Mr Prebble repeated earlier claims that the deal had been called off after British Gas requested assurances and warranties on a long list of topics covering 35 pages. Both said these were unacceptable.

Another NZ broker fails

ANOTHER New Zealand stockbroking firm, Finch Webster and Nathan, has ceased trading, following the October share market crash, **Dai Hayward reports from Wellington.**

This is the ninth broking firm to have stopped trading since October, although one of them has subsequently resumed operating.

Finch Webster and Nathan is one of Wellington's oldest brokers, having been established more than 60 years ago. It says it will meet all its obligations to clients and creditors.

Setback for Trans-Natal in first half

By Jim Jones in Johannesburg

SANCTIONS, low export prices, higher rail and harbour tariffs, higher costs and adverse exchange rate movements almost eliminated first-half earnings for Trans-Natal, South Africa's second largest coal company.

Sales volume increased to 16.91m tonnes in the six months to December, from 16.55m tonnes, but pre-tax profit slid to R15.9m ($7.5m), from R118.2m.

Mr Steve Ellis, chairman, says the greatest effect on profitability was an 80 per cent rise in export rail tariffs, with export railway costs now exceeding production costs. In December, Trans-Natal cut production by a third at Ermelo, when BP pulled out of a production-sharing agreement alleging excessive costs.

No improvement in trading conditions is expected in the second half and no interim dividend has been declared. Last year, interim and final dividends were 30 cents each.

First-half earnings dropped to 5 cents a share from 69 cents. The last full year's earnings were 97 cents.

Strong exports boost South Korean profits

BY MAGGIE FORD IN SEOUL

SOUTH KOREA'S top listed companies boosted sales by an average of 16 per cent and net profits by 34 per cent last year on the back of a boom in exports.

The star performer was Hyundai Motor, where increased exports of cars to the US market boosted turnover by 49 per cent to 2,540bn Won ($3.3bn) and net profits to W60bn, a rise of 56 per cent.

Electronics companies also had an exceptional year, with Samsung Electronics reporting a 28 per cent rise in turnover to W2,500bn and a 33 per cent rise in net profit to W42bn. GoldStar's turnover rose 43 per cent with net profits up 30 per cent at W27bn. Daewoo Electronics reported an 80 per cent rise in turnover to W960bn and a 21 per cent rise in net profit to W9bn.

The rise in company profitability has come despite a 9 per cent appreciation of the South Korean currency against the US dollar and a rash of labour strikes last year which resulted in increases in wages of up to 20 per cent.

Analysts believe that companies can absorb the costs of an appreciation rate of between 10 and 15 per cent in the Won through very high capacity use and economies of scale. Along with localising production of previously imported parts, exporters also raised prices last year without notable effect on sales volume. This year, with the Won expected to appreciate by 20 per cent, profitability is expected to decline.

The electronics industry, where between 60 and 70 per cent of production is exported, is expected to boost sales this year but may suffer a reduction in profits growth due to the rise of the currency.

In the case of Samsung Semiconductor and Telecommunications, where turnover last year was boosted by 47 per cent to W580bn, resulting in a 48 per cent rise in net profit to W15bn, the company's 1988 result is likely to be hit by the $80m penalty imposed in the US last year for violation of patent rights belonging to Texas Instruments.

The Sonth Korean textile industry, hard hit by increased labour costs in the clothing sector and high raw material costs for synthetice, nevertheless showed good results, with only Dongyang Nylon reporting a reduction in profits. Despite a 24 per cent rise in turnover to W400bn, profits were 14 per cent lower at W9bn. Yukong, the oil refiner and petrochemical producer, by contrast, boosted net profit by 26 per cent to W43bn on a slight reduction in turnover.

The outlook for construction and trading companies, which are likely to be involved in new moves to trade with China, looks better than for some years, analysts believe. Daewoo, whose share price has risen substantially in recent weeks, boosted net profits by 13 per cent last year to W38bn, the best performer.

Construction companies are expecting foreign orders to jump from $1.7bn to more than $4bn this year, signalling the end of a severe recession in the industry following the decline in Middle East orders. Development of the south-west region of South Korea in preparation for trade with China is also likely to boost orders this year.

Most of those construction companies not subject to government rationalisation managed to make a small profit last year, with Hyundai Engineering and Construction registering a 7 per cent fall in turnover to W1,715bn and net profit of W22bn, down 17 per cent.

South Korean companies are continuing to try to improve quality and high value added production to compensate for wage rises, expected to be in the 10 per cent to 15 per cent range this year, and the appreciation of the Won. Exports were up 38 per cent in January, compared with 1987, and an expected boost in domestic demand this year may balance any fall-off in profits caused by currency changes.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Laura Raum and Tim Dickson on a Dutch-Belgian banking alliance

A long engagement in prospect

WHEN GENERALE de Banque's forerunner was founded in 1822, it was on a Royal charter granted by King William I of the Netherlands, the man known in history books as the "merchant king."

So the fact that Belgium's biggest bank should last month have announced an ambitious new alliance with Amsterdam-Rotterdam Bank (Amro) is obviously rich in sentimental significance.

The planned tie-up, however, which many believe will ultimately lead to a full-scale merger, has been inspired by much more than a desire by Générale de Banque to return to its Netherlandish roots.

By world standards, for example, Amro and Générale de Banque are only medium-sized institutions. According to analysts, they may be too small to compete in markets where financial strength or unique expertise are considered increasingly essential tools for survival.

Other cross border bank alliances, it is said, are sure to follow as the 1992 deadline for a European Community without frontiers creeps closer and as the globalisation of world banking gathers pace.

A separate issue, meanwhile, is the significance of the proposed deal for Belgium at a time when Mr Carlo De Benedetti, the Italian businessman, is embroiled in a bitter battle for Société Générale de Belgique, Générale de Banque's "parent" company.

The terms of the Amro/Générale de Banque deal provide for the two sides to exchange 9.9 per cent of their share capital, with the ultimate goal of forming a multinational banking group in three years' time. The exchanged capital will be placed in a jointly owned holding company and can be raised to 25.1 per cent through the exercise of warrants, thus opening the way for a full merger.

Together the two banks would boast a balance sheet total of $119bn, Amro being slightly the larger with $63.4bn, and Générale de Banque with $55.7bn. The combined unit would rank Number One in Benelux, sixth in Europe and 18th in the world.

As universal banks, they both offer a wide range of services from retail banking to commercial leasing, with Amro stronger in merchant banking and Générale de Banque's *forte* in asset management.

Ambitious plans

The ambitious plans raise plenty of questions about whether bigger will necessarily be better and how easily the two camps will in practice be able to integrate their operations.

"The description of a long engagement leading to a full marriage is probably pretty accurate," one analyst noted this week, implying that there could be a few tiffs and discoveries of incompatibility along the way.

Differences of emphasis were already evident from the statements issued in Brussels and Amsterdam on the day that the news was revealed, when Mr Roelof Nelissen, chairman of Amro, spoke of a full merger within three years while Count Eric de Villegas de Clercamp, chairman of Générale de Banque, and his board colleagues preferred to talk of an "alliance."

The Belgians' caution perhaps reflects the strong sensitivities aroused by the "foreign" takeover ambitions for Société Générale of Mr De Benedetti, as well as the strong underlying tensions between Belgium's Francophone and Flemish (Dutch speaking) communities. "We had a problem," admits one bank insider. "We were very concerned that it should not be presented as a Flemish takeover of the French speaking part of the country."

Mr Xavier Malou, a director of Générale de Banque, insists: "There may be a different emphasis but the will on both sides is the same. This will go very far. It is amazing how enthusiastic everyone is."

The actual structure of the alliance, however, is crucial to its success, according to Mr Joseph Krant, a vice-president of Kempen and Co, a Dutch brokerage firm. "They will derive real synergy only if they are fully integrated into one operating unit like Royal Dutch/Shell or Unilever."

Amro and Générale de Banque will retain separate identities and operating independence in the Benelux area in order to preserve their leading positions and their customers' loyalty. Abroad, however, they plan to consolidate their activities under a single name, as yet undecided.

In South America, Australia and the Far East the two have a presence in many of the same cities and it is here that the test of their determination to merge and trim staff will first be seen.

Need to streamline

Neither bank is particularly profitable by international standards; they rank 75th and 78th in the world's top 100 banks, according to IBCA Banking Analysis, the London-based consultancy. Both need to streamline employment, increase automation and grow faster abroad, especially in high margin services, in order to offset stagnation at home.

Finally, there is the timing of the deal, so soon after Mr De Benedetti had launched his unwelcome assault on Société Générale de Belgique. La Générale is a 13.4 per cent direct shareholder in Générale de Banque and speaks for about the same again indirectly.

Its influence, however, has always been fairly remote and the bank has always tended to steer an independent course. While the date of the announcement was undoubtedly influenced by the Italian's attentions, negotiations with Amro had been going on for at least a year and close links between the two groups stretch back to the 1950s.

MoF to report on banks soon

THE JAPANESE Ministry of Finance is expected to complete an interim report on banks' capital adequacy standards in mid-March in response to Japanese commercial bankers' requests for consultation, Reuter reports from Tokyo.

The move is in response to proposals made last December by a committee of the Bank for International Settlements.

The BIS report said banks operating internationally should have capital equal to 8 per cent of their total risk assets by 1992. The capital ratios of Japan's 13 city (commercial) banks ranged between 2.6 per cent and 3.46 per cent before the BIS report.

However, the BIS rules would allow a wider definition of what constitutes capital reserves than Japanese banks have been using.

Oslo in insider trading move

BY KAREN FOSSLI IN OSLO

THE OSLO BOURSE, one of the last stock exchanges in the world to implement electronic trading, is to launch its own "big bang" on May 2.

In parallel, it will implement a "stock watch" system to gain control of the insider trading which has become a dominant feature of the Oslo market over the last few years. Last summer, Norway's Banking and Securities Exchange Commission investigated no fewer than 10 insider trading cases.

The stock watch is also intended to restore international confidence in the Oslo market, which has fallen to a low ebb.

However, it is not yet clear how the stock watch and the commission will co-operate in their efforts to crack down on insider trading.

Mr Nigel Wilson, senior vice-president, analysis and control, and a staff of five will oversee Oslo's stock watch. It will intervene where there are "abnormal deviations" in prices and volumes or when a broker is seen to be operating against the market or in an "abnormal" fashion.

Stock watch will also have the authority to intervene during disputes between brokers and to ensure that exchange rules governing information are observed. Shares will be suspended, if necessary, by stock watch to ensure that there is no "differentiality" in the market.

The stock watch system will also enable the Oslo bourse to react more effectively and quickly to developments in the market.

The increasing internationalisation of the Norwegian market is cited by Mr Wilson as the main reason for the crackdown. The market's information infrastructure has been revamped to match the new data trading system which is to operate from early May.

The cross-directorships common in Norway and the personal way in which the bourse has been accustomed to functioning will have no place within the new system.

The Finance Ministry also announced plans last year to tighten its system of checks on insider trading, although no proposal for new legislation has yet emerged. The new bourse law is to be debated in the Storting (parliament) in the spring.

Belgium in medium term notes programme

By Stephen Fidler, Euromarkets Correspondent

BELGIUM HAS established a programme to issue up to $2bn of medium-term notes – continuously-offered paper with a maturity of more than a year – in the Euromarkets.

The programme has been arranged by Merrill Lynch Capital Markets, with Credit Suisse First Boston, First Chicago, Salomon Brothers, Shearson Lehman Brothers and Warburg Securities also appointed as dealers.

The programme carries a so-called multi-tranche tap option, allowing the borrower to enlarge the size of any tranche of notes by issuing more on the same terms to that already issued.

About 30 such programmes have been announced, the largest being a $3bn programme for General Motors Acceptance Corporation of the US.

There are, however, only an estimated $2.5bn of notes in existence and the market's relatively slow growth – attributed to investor scepticism – has disappointed some supporters. However, the number of programmes is expected to continue to rise; Merrill says it alone expects to announce three big programmes over the next few weeks.

● Land Securities, the largest quoted property company in the UK, is setting up a £300m financing in the form of a multi-option facility being arranged by J. Henry Schroder Wagg.

On a £150m committed portion, there will be an underwriting fee of 0.06 per cent and a maximum margin of 0.1 per cent. A utilisation fee of 0.025 per cent is payable if more than half drawn. It carries an initial five-year maturity, extendible annually for a further year.

● Wharf Properties, a subsidiary of Wharf (Holdings) of Hong Kong, a company in the group controlled by Sir Y.K. Pao, is putting in place a $100m Eurocommercial paper programme. Paper can be issued in US or Australian dollars, with J.P. Morgan and Chemsecurities appointed dealers.

Issue activity reduced but confidence remains

BY CLARE PEARSON

MOST CURRENCY sectors of the Eurobond market were firm yesterday although new issue activity was reduced to a trickle. Syndicate managers were perhaps waiting for the recent high volume of new paper to be absorbed.

Eurodollar bond prices gained in early trading in response to weaker oil and other commodity prices, with shorter-dated bonds posting rises of up to ¼ percentage point.

Though prices gave up some of their gains amid light profit-taking in the afternoon, dealers said the market retained a confident feel. US statistics for home sales and factory orders had a neutral effect yesterday, but dealers will be focussing on February's US employment data, due out tomorrow.

Crédit Lyonnais assembled the management group for its Ecu125m bond for Banque Française du Commerce Exterieur, announced late on Tuesday night. The lead-manager said the 7⅝ per cent eight-year bond, priced at 101⅜, met a strong response. It was quoted at less 1½ bid, compared with 2 per cent fees.

Yamaichi International (Europe) announced a Y30bn four-year deal for the European Investment Bank. This also went down well, helped by generous pricing and scant new issuance in the Euroyen market so far this year. The 4⅞ per cent bond, priced at 101⅛, was bid as high as less 0.95, compared with 1⅞ per cent fees.

New Japan Securities provided the latest in a recent string of floating-rate notes created by repackaging the back bonds originally attached to Japanese equity warrants deals. This $70m three-year issue, for Fighter Two, a special purpose vehicle, pays 23 basis points over six-month London interbank offered rate and is priced at 100.10.

INTERNATIONAL BONDS

D-Mark Eurobond prices were steady to a touch firmer in light turnover yesterday. D-Mark domestic bonds found active trading during the morning, gaining up to 30 basis points. Far Eastern investors and banks, buying to hedge D-Mark Eurobond positions, were cited as the sources of demand.

Amid plentiful liquidity, prices were not affected by the Bundesbank's latest repurchase agreement – which drained a net DM2.6bn from the market.

Deutsche Bank found a good response to a new DM150m 10-year bond for Hoogovens, the Dutch steel company. The 6⅜ per cent bond, priced at 99¾, was bid at less ¾, compared with 2½ per cent fees. The bond's terms were seen as generous, and it attracted domestic investors because of its attractive yield relative to domestic bank bonds.

A DM200m seven-year 6¼ per cent bond for the Hungarian National Bank, launched to a keen reception on Tuesday, was bid at less 0.30 yesterday.

In Switzerland, price movements were mixed with shorter-dated private placements gaining about ¼ point while listed foreign bond prices eased slightly in low volume. A SFr50m 5 per cent 10-year bond for Autopistas del Atlantico closed its first day's trading ½ point below its issue price at 100⅞.

Crédit Suisse led a SFr200m convertible deal for Mitsui Trust and Banking, split evenly between a public bond and a private placement. Both five-year, puttable issues bear indicated ⅞ per cent coupons and par pricings.

Crédit Suisse also announced a SFr100m four-year 4 per cent issue for the European Investment Bank, priced at 101¼. The bond was seen as slightly tightly priced.

Goldman Sachs Finance said it had removed the call option from the terms of a recent SFr100m eight-year deal for American Medical International, after discussions with the borrower.

The move, which followed last Friday's downgrading of AMI's debt by Standard & Poor's from Triple B plus to Triple B *minus*, was seen as designed to make the issue more marketable, as it could now be asset-swapped. The bond traded around less 2⅝ bid in the grey market yesterday.

Teletas offer oversubscribed

BY JIM BODGENER IN ANKARA

TURKEY'S FIRST substantial privatisation exercise was more than twice subscribed at the close of applications yesterday.

A total of around 3m shares in Teletas, the telephone manufacturer, owned by the state and valued at TL15.3bn ($12.9m) were marketed throughout the country at some 5,000 bank branches.

"We have proven the potential market for such issues," said Mr Cengiz Israfil, head of the privatisation programme. About 25,000 applications were received for the sale of 22 per cent of the government's 40 per cent shareholding in Teletas – in which the Alcatel group is the other substantial shareholder.

The issue is intended to test the market for larger privatisation exercises for the state sector. Two large, wholly state-owned concerns, Sumerbank and Petkim, along with about 45 other minority interests in private sector firms or subsidiaries of state corporations, are under consideration for subsequent denationalisation.

Small-scale applications by individuals predominated, with large financial institutions *subscribing for only* 10 *per cent of* the issue. The long lead time between the close of applications and the actual issue of shares on February 18 had been geared towards small investors.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 2

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅞ 92	200	96⅛	97⅛	+0¼	+0⅛	8.46
All Nippon Air 9½ 97	100	†99⅞	100⅛	0	-0⅛	9.34
American Brands 8⅞ 92	150	99⅛	100⅛	0	+1⅛	8.85
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅛ 92	55	102¼	102½	-0⅛	-0⅛	4.80
Belgium 4⅞ 94	45	97⅛	97⅞	-0¼	-0⅛	5.10
E.I.B. 4⅞ 94	40	97⅞	98	+0¼	-0⅛	5.05
Elec. De France 5⅛ 94	20	100⅞	101⅛	0	+0⅛	4.95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS; OTHER STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS: [illegible]

* No information available-previous day's price

† Only one market maker supplied a price

[illegible]

Amsterdam SE to modernise merger code

By Laura Raum in Amsterdam

THE AMSTERDAM Stock Exchange is seeking to modernise the Netherlands' old-fashioned merger code after suffering several embarrassing incidents during the recent takeover battle surrounding Audet, the newspaper publishing group.

Baron Bouwdewijn van Ittersum, chairman of the exchange, has called for clearer rules so as to ensure an orderly market and protect investors. The present merger code is a broad set of guidelines, originally designed to give unions a voice in takeovers, and lacks specific rules on acquisition procedures and reporting requirements.

Until recently, hostile takeover bids were virtually unknown in the Netherlands, but a series of unfriendly bids and shareholder revolts has demanded a more sophisticated set of rules.

During the tussle over Audet, the bourse was sharply criticised for allowing a sweetened offer at the 11th hour and abruptly reversing itself over a "blind tender" by a mysterious bidder.

The exchange's initiative to regulate itself is also an effort to avoid a clampdown by the Government on unruly corporate battles. The merger code was drawn up by the Socio-Economic Council, a government advisory body comprising unions, industry and the state, and is enforced by the stock exchange.

On Friday, the exchange will announce its long-awaited position on Dutch companies' notoriously protective anti-takeover articles.

Turnover tax for Sweden

THE SWEDISH Finance Ministry has announced that a proposed 0.03 *per cent turnover* tax on the credit market would take effect from January 1 next year, Reuter reports from Stockholm.

The ministry said the proposed tax, which is expected to be passed by parliament, would also be levied on brokers trading on their own account. Previous proposals *had exempted* brokers dealing on their own account.

Brokers dealing on their own account in the Swedish share market would also be subject to the current 2 per cent share turnover tax, in an attempt to make market taxes more uniform, the ministry said.

Company Notices

COMPOSITE INSURERS WELL AHEAD DESPITE COSTS OF HURRICANE

CU hits £170m after 43% advance

BY NICK BUNKER

Commercial Union has decisively cast aside its image as the weakest British composite insurer with a 43 per cent surge in 1987 pre-tax profits to £170.1m.

In the UK, CU managed to make a pure underwriting profit of £1.9m in spite of the October hurricane, the worst weather disaster ever to strike the British insurance industry, it said yesterday.

CU was heavily reinsured and, as a result, suffered a net hurricane-related loss of only £15m. But it also benefitted from the British domestic market's strong trading performance, which was driven by several years of increases in premium rates. It made a pure underwriting profit of £6.2m on industrial fire premiums of £76.2m.

The UK non-life market was still "well-disciplined", CU said, with no signs of rate cutting except on marine and aviation risks.

But the group is planning an April 1 a premium rate increase of only about four per cent on private motor policies, a sign that the steep motor insurance price rises of the last few years are starting to slacken off.

CU's shares closed up 3p at 339p, after climbing at one point to 345p, partly on the strength of a bigger than expected dividend increase. It has recommended a final of 9.75p for a total of 16p, up 23 per cent on the 1986 figure.

Total premiums grew three per cent to £2.84bn in the 12 months to December 31. After tax profits were up 33 per cent at £109.6m, while earnings per share rose 32 per cent to 26.37p.

Another strong point in the figures was that more than half of CU's earnings now come from life assurance, which contributed £90.6m to the pre-tax figure. The stream of earnings from life business is generally far more stable than that from non-life insurance.

Only the US - now about 30 per cent of CU's non-life business - remained a significant drag on the group results. CU has cut back there after suffering heavy losses in the early to mid 1980s, when it pursued a widely-criticised strategy of expanding rapidly during a price war.

Its US property/casualty insurance operations incurred underwriting loses of £89m, down from £131m in 1986 but still making up more than half the worldwide losses of £152.8m.

CU is relaxed, however, about its possible exposure to claims from companies found liable for the clean-up of hazardous waste pollution sites in the US.

"As far as we are aware, pollution is not a problem with us," said Mr Tony Brend, group chief executive. Though he did not rule out the possibility that some pollution claims might have been received by claims staff in Boston.

See Lex

Mr Sandy Marshall, chairman of CU.

Recovery in major areas gives GA £204m

BY ERIC SHORT

LEADING UK composite insurance group, General Accident, reported a record pre tax profit of £204.4m last year - up 66 per cent on 1986 profits of £123.2m - despite gross losses of £60m from the UK October hurricane and adverse exchange rates.

Net profit amounted to £161.2m, against £110.8m, with earnings per share of 86.2p against 60.5p.

The dividend for the year is lifted one-quarter from 28p to 35p, with a final of 22.5p.

Mr Buchan Marshall, GA's chief general manager, stated that a significant recovery in all major underwriting territories had produced this record trading performance.

The group's world-wide underwriting losses were reduced from £180.9m to £98.3m, while investment income, up slightly in sterling terms from £297.8m to £299.1m, had an underlying growth rate of 15 per cent. Profits from life and long-term business increased from £10.4m to £11.5m.

The significant feature in the UK operations was the October hurricane which cost the company £60m gross in claims. However, £30m was carried by external reinsurers and another £15m in internal reinsurance arrangements. Even so, the Homeowners account incurred a loss of £10.3m for the year, against £8.6m in 1986.

Nevertheless, overall underwriting losses in the UK dropped from £64.9m in 1986 to £18.6m last year as a result of the steadily improving trend in the major motor account. This saw underwriting losses reduced from £43.6m to £19.2m.

In the US, further improvement in personal lines and in commercial property saw the deficit halved from £67.8m to £33.7m on premium income up by 13 per cent to $1.36bn.

The operating ratio for the year improved from 107.75 per cent to 104 per cent.

In GA's other territorial operations, the deficit in Canada was cut from £8.4m to £3.2m, with a significant contribution from Pilot Insurance.

Losses were overall reduced in EC countries from £23.6m to £14.5m, reflecting improvement in most major markets.

Losses in other overseas territories were collectively down from £12.3m to £7.7m, with Australia showing an overall improvement despite a poor fourth quarter.

Mr Buchan Marshall warned, however, that while these favourable trends might continue in 1988, the actual pace of improvement could not be expected to be at the rate seen last year.

See Lex

Pacer Systems improves 17%

BY HEATHER FARMBROUGH

FRESH FROM winning the USM's overseas company award on Tuesday, Pacer Systems, the US defence and electronics group, yesterday unveiled a 17 per cent increase in pre-tax profits from $1.8m to $2.1m (£1.19m).

"The increase in profits was less than in 1985/86 due to substantial investment in Sea Data, Pacer's contracting subsidiary," said Mr John Rennie, chairman. He added that Sea Data, which cost $1m in cash, was expected to break even this year, making "a small profit if we're lucky."

Pacer's core business, systems services to the US armed forces, accounted for 82 per cent of turnover in the year to end-December. Higher margin products contributed the remaining 18 per cent, compared with 11 per cent in the previous year. The two companies acquired in 1987, Sea Data and Signal Processing Systems, contributed most of the increase in product turnover.

Turnover rose by 26 per cent from $26.3m to $33.1m. Earnings per share were 22 cents (21 cents) while the dividend for the year is 5.5 cents (5 cents).

This year, Pacer expects products – ranging from helicopter navigation systems to ship stability software packages – to account for 25 per cent of turnover. The order book is worth $42m, compared with about $35m this time last year.

● **comment**

The problem with Pacer, in the eyes of the City, is that it makes incomprehensible products and offers which are obscure in a foreign country. Worse, the country is the US and its operations are defence-based. Overseas companies have not had an easy ride on the USM, while tha current pound/dollar rate is little help. Nevertheless, Pacer has much going for it. The company is moving into higher margin products and reducing its dependence on US defence agencies. It is also getting to grips with Sea Data, installing better managerial controls to prevent past mistakes. The high priority nature of many of Pacer's services and products will offer some protection against defence cuts. With yesterday's results in line with forecasts, year-end profits of $2.5m look likely. But Pacer's shares are unlikely to outperform significantly until sentiment improves towards US companies, particularly defence suppliers.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Commercl Union	fin	9.75	May 17	7.8	16	13
Consld Gold	int	10‡‡	May 11	9.5	-	27.5
Cowie (T)	fin	2	-	0.95*	2.6*†	1.3*
Crowther (John)	fin	3.13†	July 15	2.5	4.38	3.5
English Scot Inv	fin	1.15	-	1.05	1.7	1.55
Galliford	int	0.7	Apr 5	0.63*	-	2.68
General Accident	fin	22.5	-	18	35†	28
Global Group §	int	1.25†	Apr 29	1.25	-	8
Instem §	fin	1.5	-	1.5	2.5	2.5
Lawtex	int	1	-	1	-	2
Medminster	int	3.5†	Apr 8	2.7	-	7.7
Mount Charlotte	fin	1.2	-	1.02	1.9†	1.63
Shandwick	int	2†	-	1.5	-	5.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡‡Carries scrip option.

Parrish blames crash for likely deficit

By Philip Coggan

THE after-effects of the stock market crash have caused severe problems for Parrish, one of the UK's two independently-quoted stockbroking groups. The company announced yesterday that pre-tax losses of £1.65m are likely for the year to end-January 1988, including a £1.1m provision for doubtful debts, and it will not be paying a final dividend.

Parrish is accordingly raising £4.9m via a rights issue to cover the losses and to provide a firmer capital base for the company's future development.

Because Parrish's principal activity is agency broking, it was the decline in stock market turnover from the end of October onwards that affected profits, rather than the fall in share prices itself.

The problem was compounded by the extra expenditure Parrish had incurred in reorganising the group following a series of broking acquisitions last year. At the interim stage, pre-tax profits were £993,000 and analysts were forecasting £1.8m for the full year; the out-turn is likely to have been trading losses of around £550,000.

The bad debts provision relate to a small number of clients (fewer than ten) who have had difficulty in meeting their obligations following the collapse in share prices. Parrish is satisfied that it could not have foreseen that the clients would have problems. "Their dealings were consistent with their normal pattern of trading" said Mr Keith Hughesdon, chairman.

Mr Hughesdon and Mr Peter Bainbridge, managing director, said that they were determined not to panic over the losses. They intend to hire more private client brokers and to offer new services in an attempt to increase Parrish's market share; however, the rights document does warn that revenues are currently insufficient to cover costs and losses are likely to continue unless there is a substantial revenue increase.

The two-for-five rights issue at 220p has been underwritten by County NatWest, except for those shares which are being taken up by directors and Australian group, Spedley Securities. Parrish's shares fell 30p yesterday to 283p.

Galliford rises 31% to £2.64m

MR PETER GALLIFORD, chairman of Galliford, the Leicestershire-based construction group, yesterday unveiled a 31 per cent increase in first-half pre-tax profits to £2.64m.

He added that present indications underpinned the group's confidence that figures for the full year would top 1986-87's record £4.63m.

The half year to end-December saw turnover surge from £49.24m to £75.32m and trading profits advance from £2.92m to £3.62m.

Earnings worked through at 2.58p (2.23p) after tax of £959,000 (£752,000), and the interim dividend is being lifted from an adjusted 0.625p to 0.7p. During the period improved demand in the construction market was offset to some degree by the very wet summer and autumn.

Elsewhere, civil engineering activities showed an improvement and orders were currently up on those of the previous year. However, competitive pressures were still having an influence on margins.

Building contracting and plant hire achieved satisfactory results. Private housing in the east Midlands performed well and the distribution operations, enlarged via tha acquisition in January of J.H.S. Builders' Merchants, made a satisfactory contribution and now represented an important part of Galliford's activities.

Profitability of the Singapore interests was improving and Mr Galliford expected a modest contribution for the full year.

Global Group

Global Group, USM-quoted meat and meat products concern, raised its first half turnover by 16 per cent to £23.51m and its profits by 28 per cent to £277,000 at the pre-tax level.

Earnings for the period to November 30 1987 improved to 3.1p (2.8p). The interim dividend is a same-again 1.25p.

Lawtex profits fall further due to computer side

A further fall in profits at Lawtex is attributed by tho company to problems in its specialist computer systems operations.

The taxable result in the twenty-six weeks to December 12 1987 fell 68 per cent from £153,500 to £49,100.

Main activities are the manufacture of clothing and umbrellas, but the company also provides computer and engineering products and services to apparel and associated industries.

The directors said a major factor in the computer area's problems was related to the acquisition of Cambridge Data, a London based business in a similar area of activity, which had proved costly. Action to remedy the situation was under way.

Group turnover in the latest period fell from £10.64m to £10.53m.

An unchanged interim dividend of 1p per 25p share is to be paid on earnings per share of 0.9p (3.4p). The directors intend to recommend a similar final dividend.

SA share sale boosts profit of Gold Fields to £182.7m

BY KENNETH GOODING, MINING CORRESPONDENT

SHARPLY increased profits from trading in its mining share portfolio and record results from the ARC construction materials subsidiary boosted Consolidated Gold Fields' taxable profit for the half-year to December 31 1987 by 87 per cent from £97.5m to £182.7m.

Mr Rudolph Agnew, the chairman and chief executive, reported yesterday that the second half had started well and the competitive position of the group "is strong and improving".

In line with the board's policy of seeking sustainable real dividend growth, the interim dividend is lifted by 5.3 per cent from 9.5p to 10p a share and shareholders again have the opportunity to elect to receive new ordinary shares in place of cash.

The results were in line with many analysts' expectations and the Gold Fields shares closed only 2p up at 820p last night.

Operating profit from share trading rose from £8.1m to £101.5m and included this year was £31.8m of profit on the sale of a 10 per cent stake in Gold Fields of South Africa.

ARC's operating profit increased from £41.3m to £57m and Mr Agnew said the company was benefiting from £150m-£200m of acquisitions and investment designed to lower costs and lift productivity.

ARC's markets were likely to "remain buoyant well into the future".

Mining profits fell from £70.1m to £52.8m in the half-year, principally because of a reduction in the share of profit from Newmont Mining, a US mining company. The reduction arose from the interest charge on the increased borrowing to pay a special dividend of $33 a Newmont share.

Rudolph Agnew: the competitive position of the group "is strong and improving".

Mr Agnew explained that the purchase of a further stake in Newmont Mining last year was to help ward off an unwelcome approach to Newmont from a group led by well-known corporate raider Mr T Boone Pickens. Mr Agnew insisted: "Mr Pickens did us a favour."

Gold Fields had been able to increase its shareholding in Newmont – by 23.6 per cent to more than 49 per cent – much earlier than would otherwise have been possible and Newmont had the largest published gold reserves in North America.

Mr Agnew pointed out that the group's US subsidiary, Gold Fields Mining Corporation, was now producing gold at an annual rate of 350,000 ounces with cash costs of $130 an ounce. These were among the lowest in the world.

Gold Fields of South Africa owned four of the six lowest-cost mines in that country and with a cash cost of less than $150 an ounce.

That compares with yesterday's London price of about $430 an ounce. Mr Agnew said Gold Fields had budgeted for an average price below $400 in the current financial year.

Mr Agnew said the gold price had been under tremendous pressure – particularly from gold loans which had flooded the market with about 2m ounces in recent weeks – but "as the transient pressures on the market subside, the gold price may well increase again in response to the fundamental problems of the US balance of payments and an unsupportable level of international debt".

Gold Fields turnover in the half-year rose from £557m to £619.9m. Interest charges were up from £17m to £23.1m and the net profit improved from £62.9m or 36.9p a share to £123.1m or 58.2p a share.

See Lex

Jebsens loss cut sharply

Jebsens Drilling showed improved results for 1987, cutting its loss before tax to £12.2m from £57.9m. There was no exceptional depreciation this time compared with £37m previously.

There was also no tax charge (£7.8m) or minority debits (£7.8m). An extraordinary credit of £2.6m compared with 1986 debits of £800,000. Loss per share was cut from 259p to 98p.

Revised proposals for the restructuring and refinancing of the USM-quoted offshore drilling units group had been agreed in principle, the directors said, but would only proceed if the development of the Emerald field also did.

These proposals, similar to earlier ones, included a subscription by Midland & Scottish Group of £8m for new shares, thereby giving MSG a 75 per cent controlling interest in Jebsen.

MSG plans to develop the Emerald field using Jebsen's semi-submersible drilling rigs.

ESI assets show fall

Over the 12 months ended January this year, the net asset value of English & Scottish Investors had fallen by 8.8 per cent, from 132.3p to 120.6p.

Earnings in the year rose from 1.66p to 2.05p, and the final dividend is 1.15p for a total of 1.7p (1.55p).

Total revenue came to £3.62m (£2.89m).

Instem improves in second half but drops overall

The second half at Instem, USM-quoted computer applications specialist, showed an improvement over the first and the directors expressed confidence for a continued recovery.

There was an improvement in both absolute and percentage terms and profit for the period cama to £184,000, to maka £338,000 "in a difficult and frustrating year." Profit for 1986 was £816,000. Turnover in the period under review totalled £6.92m (£7.45m), while the order intake was a record £7.5m.

The directors are are holding the year's dividend at 2.5p per share, with an unchanged final of 1.5p. Earnings were 4.6p (11.9p).

Medminster up 30% half-way

Medminster, chaired by Mr John Delaney, yesterday reported a 30 per cent increase in profits to £498,000 pre-tax for the six months ended December 31 1987.

The interim dividend is being stepped up to 3.5p (2.7p) and a scrip issue on a two-for-one basis is also proposed. Earnings rose to 12.96p (10.12p). Turnover pushed ahead from £6.32m to £7.68m.

Medminster's main interests are in furniture hire and freight forwarding, but it recently moved into discotheques and light shows via the acquisition of Badford Entertainment and Leisure.

Mr Delaney said the acquired businesses of Norman Hart Marquees and Chatters were being successfully integrated into the group and that it would continue to grow organically and by acquisition when opportunities arose.

The Camden furniture hire side continued to expand in the exhibitions market in Europe and the UK, and the shipping and freight forwarding activities returned substantially improved results.

Far East operations were continuing to expand through a joint venture with Turner & Newall, the engineering group.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Bellwinch, Consolidated Plantations, Kleinwort Benson International Income Bond Fund, Macro 4, Sheldon Jones, Star Computer.
Finals- BBA, Cadbury Schweppes, Lex Service, Libra Bank, Microvitec, Questel, Ratcliffs (Great Bridge), Tozer Kemsley, WPP, Wickes.

FUTURE DATES

Interims-

Bellwinch	Mar 5
Britannia Security	Mar 4
CALA	Mar 10
Intereurope Technology	Mar 11
Kwik Save	Apr 20
Star Computer	Mar 3
Wessanen (Koninklijke)	Mar 11

Finals-

Abbeycrest	Mar 8
Arlington Securities	Mar 10
Bemrose	Mar 24
City Merchant Developers	Mar 8
Computer People	Mar 22
Copymore	Mar 10
Invergordon Distillers	Mar 14
Laing (John)	Mar 28
Leisure Investments	Mar 8
London Atlantic Inv Tst	May 12
Meyborn	Mar 17
Phicom	Mar 10
Pleasurama	Mar 22
Trade Indemnity	Mar 22

Mount Charlotte rises to £29m

BY DOMINIQUE JACKSON

Mount Charlotte Investments, the UK's second largest hotelier, yesterday announced pre-tax profits up 56 per cent from £18.6m to £29m in the year to end-December 1987.

Turnover rose 44 per cent from £64.9m to £93.4m, while earnings per share rose to 8.3p (6.9p) after tax of £6.94m (£3.77m).

The results included contributions from two large acquisitions; the London Park Hotel group purchased last April for £38m and three hotels bought in July from International Leisure Group for £100m.

Mr Robert Peel, managing director, said, that not withstanding acquisitions, organic growth had been about 20 per cent.

The profits included slightly more than £1m of exceptional items, raised from the disposal of a stake in fellow hotelier Queens Moat which Mount Charlotte acquired in 1986 and resold in early 1987, Mr Peel said.

With 9,000 bedrooms in 68 hotels owned and managed by the group, Mount Charlotte is the country's second largest domestic hotelier.

Mr Peel said the group had managed to boost margins to about 35 per cent and hoped to see further improvement in 1988.

At the end of 1987, Mount Charlotte purchased two Scottish hotels from the Ladbroke Group and a string of eight hotels in the north of England through its wholly-owned subsidiary, Castle Ross Hotels. These acquisitions were not reflected in the year-end results, Mr Peel said.

Occupancy rates had been high with a minimum of 70 per cent in the provinces, accounting for half of Mount Charlotte's rooms and more than 84 per cent in London where the remaining 4,500 rooms were situated, Mr Peel added.

He said the group was on target to meet all forecasts in the current year.

● **comment**

The English Tourist Board has forecast a 20,000 hotel room shortage by 1992 and Mount Charlotte is enviably placed to cash in on the visitor boom with its 50-50 split between London and the provinces. Mr Peel runs a tight ship and his vigilant management is reflected in the 56 per cent profit growth. Earnings, however, rose by only 20 per cent, diluted by August's issue of 63m shares to purchase the three ILG hotels. Nevertheless, the balance sheet looks strong with net asset value up to about 205p per share. Most of the properties are freehold or long lease, keeping depreciation right down. Gearing is estimated at about 20 per cent and cash flow is healthy so an imminent acquisition could be on the cards. Forecasts of £40m for 1988 give a prospective multiple of about 13, which compares Mount Charlotte favourably with others in its sector, including Trusthouse and Queen's Moat.

Public Works Loan Board rates

Effective August 12

Years	Quota loans repaid by EIP†	Ann††	at maturity§	Non-quota loans A* repaid by EIP†	Ann††	at maturity§
1			9⅞			10⅛
Over 1 up to 2	9⅜	9⅜	9¾	10⅜	10⅜	10
Over 2 up to 3	9¼	9¼	9¼	10¼	10¼	10
Over 3 up to 4	9¼	9¼	9¼	10¼	10¼	10
Over 4 up to 5	9¼	9¼	9¼	10¼	10¼	10
Over 5 up to 6	9¼	9¼	9¼	9¾	9¾	9⅞
Over 6 up to 7	9¼	9¼	9⅜	9¾	9¾	9⅞
Over 7 up to 8	9¼	9¼	9⅜	9¾	9¾	9⅞
Over 8 up to 9	9¼	9¼	9½	9¾	9¾	10
Over 9 up to 10	9¼	9¼	9½	9¾	9¾	10
Over 10 up to 15	9⅜	9½	9⅝	9⅞	10	9⅞
Over 15 up to 25	9⅜	9⅜	9¼	9⅞	9⅞	9¾
Over 25	9⅜	9¼	9¼	9⅞	9¾	9¾

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Logica in $45m US expansion

BY TERRY DODSWORTH

Logica, the UK's largest computer software company, moved yesterday to consolidate its position in the North American market with an agreed $45m (£25.4m) bid for Data Architects (DAI), Boston-based specialist in banking and telecommunications products.

The deal, greeted with caution in the City, where Logica's shares fell 32p to 261p, will increase the group's overseas turnover from about 47 per cent of the total to 60 per cent. It follows a worldwide trend towards rationalisation in the software and computer systems industry.

Logica intends to finance the acquisition with a 2-for-9 rights issue of just over 11m shares at 236p each to raise £26m. It expects to add slightly to its cash balance as a result of the deal. Logica already has about £10m cash in its balance sheet, and expects to bring in a further £5.6m from DAI.

Logica is already broadly spread geographically in comparison with many other leading software companies, with offices in 13 countries. But Mr Philip Hughes, chairman, said yesterday that it made sense to expand in the US, for a number of reasons – it was the world's largest market, it was generally the most advanced technically, and many of Logica's clients were international companies which wanted service in North America.

DAI conversely needed a broader overseas network of offices to distribute its products.

The acquisition will strengthen Logica's business in the financial and telecommunications sectors. Although DAI is highly dependent on one client, New York Life Insurance, which provided 39 per cent of the company's sales in 1987, it has an international position in software to run funds transfer systems for the large multinational banks.

Mr Hughes said that the acquisition, priced at around 18 times DAI's historic earnings, was in line with present industry valuations. He added that Logica expected there would be virtually no dilution in earnings, although some City analysts argued that this was an over-optimistic view, partly because of a higher tax charge on US earnings.

DAI made net profits of $2.33m in sales of $34.7 in the year to November – an increase of 42 per cent on 1986. Logica, which has recovered strongly over the last two years after running into serious financial problems three years ago, achieved pre-tax profits of £5.4m in the six months to last December, a growth of 29 per cent over the previous year.

UK Paper gets £108m market valuation

BY MAGGIE URRY

UK Paper, which was the subject of a £38m management buy-out from Bowater Industries in September 1986, is coming to the market valued at £107.6m.

It is the largest producer of high quality printing papers in the UK, with an annual capacity of 300,000 tonnes, although it gave np its position as the biggest paper producer in the country when it sold one site to David S Smith two weeks ago.

UK Paper now has three manufacturing sites – at Donside in Scotland, and two in Kent – and owns William Guppy, a paper merchant with seven branches.

The offer of 29,477,944 shares, 37 per cent of the issued capital, is priced at 135p a share. Of these shares about 8.5m are new ones raising £10m for the company. The prospectus will be published on Friday.

Pre-tax profits on a pro-forma basis were £13.8m in the year to December 31 1987. On a notional 35 per cent tax charge the historic p/e ratio is 10.7. The net dividend would have been 5p a share in 1987 giving a gross yield at the offer price of 5.1 per cent.

UK Paper has a chequered profit record, making losses in the years immediately prior to the buy-out with a sharp recovery since. Over the past six years £50m bas been invssted in upgrading and modernising the facilities, and a large part of the workforce has been made redundant.

Mr Tom Wilding, chairman and chief executive, is confident that the company is now well placed to avoid the worst of the paper cycle and that the company can generate sufficient cash internally to continue a high level of investment. With the £10m raised through the offer the company will have net cash. Mr Wilding intends to make acquisitions in the paper industry.

The merchant bank to the issue is Schroders, the stockbroker is James Capel.

Family feud finishes as Tyzacks tie up

BY NIKKI TAIT

A CENTURY of family feuding was buried yesterday as W A Tyzack, tha eogineering company, announced that it was buying Tyzack Turner Limited, the Sheffield-based product and component manufacturing subsidiary of *Tyzack Turner Group*, for £2.5m.

The presence of new management and shareboIders at both parent companies appears to have achieved a marriage which years of previous merger talks failed to cement.

The emergence of the two quoted Sheffield-based precision engineers, W A Tyzack and Tyzack Turner, stemmed from a family split last century. The two companies were close geographically – about two miles apart – and both had similar operations, manufacturing engineering components. But despite various discussions during the past 15 years – the last time in late-1986 – the two companies could never agree terms for a merger.

Since the beginning of 1987, key shareboldings have been huilt up and new management has arrived at both companies. W A Tyzack is now chaired by Mr Bill Eastwood, the former managing director of chicken producer J B Eastwood which ended np with Hillsdown Holdings after being sold to Imperial Group at the end of the last decade. At Tyzack Turner Group, ex-Hanson acquisitions manager, Mr Jobn Newman, and former stockbroker, Mr Nick Shipp, have moved in as directors and substantial shareholders.

Tyzack Turner Group has – like W A Tyzack – embarked on a number of acquisitions under the new regime. However, the interests involved in yesterday's deal basically represent pre-1987 business of the quoted Tyzack Turner company – and range from the manufacture of agricultural plough blades to machine knives and hand tools. In the year to December 26 1987, it made pre-tax profits of £287,000 on sales of £8.7m. Net assets are around £1.85m. Sales from complementary interests at W A Tyzack are around £10m.

To fund the deal, W A Tyzack is paying £1m cash together with a vendor placing of 1.5m new shares at 101p. Yesterday, Tyzack Turner shares gained 8p to 228p while W A Tyzack eased 1p to 105p.

In addition, Tyzack Turner Group proposes to acquire Bintcliffe Turner, a private component manufacturer controlled by Mr Newman and Mr Shipp. Profits before tax and management charges in 1987 were £461,000 on sales of £2m, and net assets £1.2m. The deal – which requires shareholder approval – would be satisfied by the allotment of 1.27m new shares to the Newman-Shipp duo, taking their stake in Tyzack Turner Group to 38.8 per cent.

And, happily, years of confusion look set to end – Tyzack Turner Group is planning to change its name at its next annual meeting.

Share stake sales help T.Cowie double profits to £17m

BY CLAY HARRIS

T. Cowie, the motor dealer and Britain's largest vehicle contract hire group, doubled pre-tax profits for the fourth consecutive year in 1987. The total reached £17m (£8.2m) on the strength of Cowie's trading profits on share stakes in other motor distributors.

A proposed final dividend of 2p (0.95p) doubles the total payout to 2.6p (1.3p adjusted for a scrip issue). Fully diluted earnings per share rose by 87 per cent to 14p (7.47p).

Mr Tom Cowie, chairman and joint managing director, said yesterday that the group's three contract hire acquisitions last year – Herondrive, Marley Vehicle Leasing and Reliant Leasing – made no contribution to profits in 1987 because of rationalisation costs.

The acquisitions, which increased Cowie's total fleet to 46,500 vehicles by the year-end, would begin to make a material contribution by next month. The group believes it can maintain the monthly growth rate of 750 vehicles achieved in January.

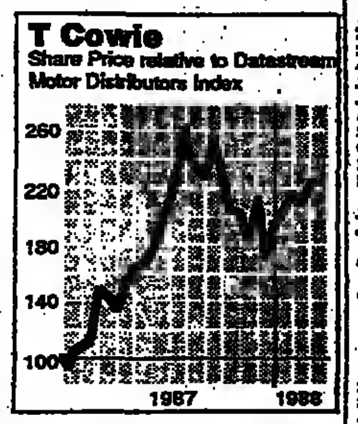
"While we are the largest in the contract hire business, we are certainly not the cheapest," Mr Cowie said.

He warned that cut-price competitors were underestimating costs and were counting on unrealistically high residual values.

Turnover advanced by 48 per cent to £221.3m (£217m). Finance operations accounted for almost half of pre-tax profits with £8.1m (£5.1m), followed by motor dealerships with £5m (£3.2m).

Of Cowie's smaller divisions, coach and bus operations contributed £250,000 (£246,000), agricultural equipment £612,000 (£22,000 loss) and fire safety and security – sold to Britannia Security Group for £2.7m last month – £102,000 (£74,000).

Profit on disposals of shares in Lookers, Godfrey Davis and Trimoco contributed £2.4m of £2.94m head office and miscellaneous profits, with interest on rights issue proceeds accounting for the rest. Cowie subsequently lifted its stake in Trimoco back to 9.57 per cent.



Tax charge rose to £2.55m (£2.3m).

Mr Cowie said the rationalisation of last year's acquisitions was nearly complete. Marley and Herondrive had been merged and renamed Cowie Leasing, while the smaller Reliance had been absorbed into Cowie and the other contract hire operation, Interleasing.

● comment

Cowie is on the lookout for tax-efficient acquisitions, and with good reason. Otherwise, growth in earnings per share will slow to a crawl even on a healthy pre-tax advance to £24m. Cowie's timing was impeccable in 1987, getting a £45m rights issue away and selling its Lookers stake only weeks before tha crash. But those stock-trading profits are unlikely to be repeated this year and the full weight of the new shares will be felt. However, tax stands to be the most serious brake on earnings. In an unchanged group, exhaustion of tax losses and unrelieved ACT will lift the charge above 20 per cent, compared with a 10-year average of 12.3 per cent. On this unlikely prospect, earnings would rise by less than 4 per cent to 14.5p, putting the shares on a prospective p/e of only 8.5. The 99 per cent of the rights issue left with sub-underwriters has held back the post-crash price, but an acquisition should get it motoring again.

APPOINTMENTS

Bunzl restructures

BUNZL has restructured its senior management. From the annual meeting on May 12, Mr James White will include the chairmanship in addition to his role as chief executive. Mr Brian Ford will become managing director responsible for the distribution and merchanting divisions. He has been developing the company's US distribution activities, and will operate from both the UK headquarters and his present base in New Jersey. Mr Paul Lorenzini will be appointed a director on April 5. He is president of Bunzl Distribution U.S.A. Mr Friedl David retires at the annual meeting and will be succeeded as chairman of the merchanting division by Mr Dieter Eggle, who has been with the group for nearly 25 years. Mr Terry Simpson will become managing director responsible for the Filtrona and industrial divisions. Until recently he was group chief executive of Norcros. He has joined the board, and will assume his responsibilities on April 5. Mr Ernest Beaumont, chairman, retires at the annual meeting but will remain a non-executive director. Mr John Briggs, a non-executive director, retires at the meeting.

★

Mr Michael R. Bowlin, Mr William R. Scheidecker and Mr Steven J. Shapiro from Atlantic Richfield Company have been appointed to the board of TRICENTROL.

★

Mr Philip Newton has joined the board of NORMANS GROUP as a non-executive director. He is chairman and chief executive of Aureole Investments. He will be advising on property matters.

★

Mr Patrick Haycock has joined the board of PEGLER as technical director. Pegler is part of the building products division of Tomkins.

★

LYONS MAID has appointed Mr Ian Robertson as managing director. He joined the company in 1985 as technical director, and has been with J. Lyons since 1954.

★

Mr Nick Bishop has been promoted to sales director, and Mr Trevor Clarke becomes production director on the board of BRADMAN LAKE. They held similar managerial positions.

★

DIGITAL EQUIPMENT CORPORATION has appointed Mr Per-Olof Loof as service industries manager Europe and head of the Digital Competence Centre in London, and as such a member of the UK board of management. He was manager of retail banking Europe, with Digital in Stockholm.

★

The chief executives of TARMAC's construction and industrial products divisions, Mr Ian McPherson and Mr Neville Simms, have been appointed to the main board.

★

Professor Peter Lawrenson has been appointed a non-executive director of SIMPLEX ELECTRICAL GROUP. He is chairman of Switched Reluctance Drives.

★

Mr Brian Walker has been promoted to land director of BELLWAY HOMES (NORTH EAST). He was land manager.

★

Mr Leslie Carpenter has joined the board of WATMOUGHS (HOLDINGS) as a non-executive director. He was chairman of Reed International until his retirement last December, although he continues as a non-executive director.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY-Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100), retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1986							
2nd qtr.	109.5	103.4	96	121.3	154.0	3,283	178.6
3rd qtr.	110.4	104.4	95	123.7	158.7	3,202	200.2
4th qtr.	110.6	106.9	96	126.5	164.3	3,141	213.0
1987							
1st qtr.	111.3	106.5	95	125.4	157.0	3,073	210.4
2nd qtr	112.1	108.6	96	128.3	166.0	2,985	226.1
3rd qtr	114.0	111.4	91	131.8	178.8	2,827	241.3
4th qtr	115.4	113.0		133.4	183.6	2,658	262.1
June	111.8	108.9	96	129.4	167.3	2,925	233.7
July	113.3	110.4	94	131.6	177.3	2,976	235.2
Aug.	114.6	112.2	93	132.1	179.6	2,829	236.9
Sept.	112.9	111.7	91	132.0	179.0	2,773	246.8
Oct.	115.2	112.9	93	133.0	181.9	2,712	261.4
Nov.	115.2	113.2	93	133.6	184.3	2,649	260.2
Dec.	115.9	112.8		131.5	183.3	2,614	254.5
1988							
Jan.				134.5		2,563	249.5

OUTPUT-By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1986							
1st qtr.	104.1	99.3	115.9	100.8	109.0	103.4	14.8
2nd qtr.	105.2	99.5	116.0	101.4	110.0	104.2	19.5
3rd qtr.	106.4	99.3	117.2	101.8	108.8	103.1	19.4
4th qtr.	106.5	101.7	115.2	104.3	114.4	104.5	15.5
1987							
1st qtr.	107.7	101.0	117.9	103.3	114.5	103.2	17.4
2nd qtr.	110.4	101.8	117.8	104.7	119.9	105.0	19.6
3rd qtr.	112.9	103.4	118.7	108.4	120.8	104.9	20.9
4th qtr.	113.8	105.3	119.5	107.5	119.3	105.0	18.4
June	111.4	102.5	119.7	105.0	121.0	105.0	20.5
July	112.3	105.7	118.7	108.0	122.0	107.8	20.9
Aug.	113.1	107.0	118.8	108.2	122.0	107.0	17.9
Sept.	112.7	106.4	117.3	109.0	119.0	106.0	22.1
Oct.	112.9	107.8	119.3	110.0	122.0	105.0	18.1
Nov.	112.8	108.3	119.0	111.0	120.0	107.0	16.9
Dec.	114.8	107.7	120.1	110.9	118.0	106.0	18.4

EXTERNAL TRADE-Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserves US$bn*
1986							
2nd qtr.	121.9	129.1	-1,608	+146	+768	102.0	19.38
3rd qtr.	121.4	139.0	-2,881	-496	+621	103.2	21.62
4th qtr.	129.9	142.3	-2,654	-810	+833	100.9	21.92
1987							
1st qtr.	128.5	133.5	-1,211	+496	+1,159	100.4	27.94
2nd qtr.	126.6	141.1	-2,317	-594	+1,016	101.4	34.36
3rd qtr.	132.0	151.1	-3,189	-1,207	+906	101.7	36.01
4th qtr.	134.8	153.5	-2,988	-1,188	+1,073	100.9	44.33
July	130.1	148.8	-991	-357	+267	103.3	34.91
Aug.	127.8	154.8	-1,424	-790	+298	103.8	34.36
Sept.	134.1	149.7	-886	-61	+310	103.8	34.81
Oct.	131.9	155.4	-922	-322	+394	103.7	41.40
Nov.	136.4	154.3	-1,056	-456	+332	103.7	41.38
Dec.	137.1	154.9	-1,010	-410	+346	104.3	44.33
1988							
Jan.	136.0	151.8	-1,506	-906	+269	104.3	43.86
Feb.							43.83

FINANCIAL-Money supply M0, M1 and M3 (three months' growth at annual rate); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Consumer credit £m*	Base rate %
1986							
3rd qtr.	5.9	20.3	15.4	+6,995	165	+770	10.00
4th qtr.	7.8	18.3	14.1	+10,518	2,814	+801	11.00
1987							
1st qtr.	1.2	20.6	20.2	+6,732	1,465	+977	10.00
2nd qtr.	3.3	24.7	22.3	+8,834	1,804	+1,068	9.00
3rd qtr.	8.1	25.2	21.7	+11,506	1,311	+874	10.00
4th qtr.	7.2	23.3	23.7	+11,221	3,067	+953	8.50
June	4.5	20.8	21.3	+3,980	556	+337	9.00
July	7.7	34.5	24.3	+4,531	347	+277	9.00
Aug.	7.1	28.6	21.9	+3,661	667	+298	10.00
Sept.	8.5	19.8	21.4	+4,443	197	+347	10.00
Oct.	6.9	24.7	20.8	+3,977	812	+300	9.50
Nov.	7.1	23.2	21.3	+3,301	1,126	+367	9.00
Dec.	7.6	11.6	21.7	+4,943	1,069	+256	8.50
1988							
Jan.	3.7	1.8	8.3	+5,494	990		8.50
Feb.							9.00

INFLATION-Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100)

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters cmdty.	Sterling
1986							
2nd qtr.	184.0	125.5	140.7	97.8	96.7	1,714	76.2
3rd qtr.	187.4	130.5	146.3	97.9	98.2	1,464	71.9
4th qtr.	191.0	127.4	147.4	99.1	98.2	1,606	68.2
1987							
1st qtr.	192.0	128.3	149.3	100.3	100.5	1,580	69.5
2nd qtr.	196.0	128.7	150.9	101.9	101.8	1,585	72.8
3rd qtr.	202.0	131.3	151.6	102.1	100.5	1,647	72.7
4th qtr.	206.3	134.4	158.6	103.2	101.7	1,663	74.5
July	203.1	130.5	151.3	101.3	100.4	1,632	72.9
Aug.	201.6	131.3	151.3	102.1	100.7	1,683	72.3
Sept.	201.4	131.1	152.0	102.4	100.4	1,653	73.1
Oct.	202.4	131.6	152.8	102.9	101.1	1,682	73.6
Nov.	207.3	131.5	153.3	103.4	101.8	1,652	75.4
Dec.	210.1	135.2	153.6	103.3	102.4	1,707	75.8
1988							
Jan.		136.3	154.6	103.3	102.8	1,752	74.8
Feb.						1,733	74.3

*Not seasonally adjusted

UK expansion lifts John Crowther 70% to £25m

BY ALICE RAWSTHORN

John Crowther Group, the textiles concern, yesterday announced a 70 per cent increase in pre-tax profits to £25.2m in the year to December 31 on sales up by 59 per cent to £357.8m.

The increase reflected continued expansion from distribution businesses in the UK and its growth through acquisitions. Mr Trevor Barker, chairman, said that the only disappointing area was the carpets division, where it has taken longer than expected to improve profitability.

Earnings per share rose to 17.8p (15.3p) and the directors propose to increase the final dividend to 3.1p making 4.4p (3.5p) for the year.

The distribution division saw operating profits rise to £13.5m (£8.5m) on sales of £154m (£91m). MCD, the UK carpets distributor, opened a new depot in the south east during the summer and is now considering another new site in the south. WW, the clothing distributor, benefited in sourcing from the weakness of the Hong Kong dollar.

In the US, the reorganisation of Brinkmans is almost completed. New depots have come on stream and the business will eventually expand on the east coast.

Profits from the clothing division rose to £5.9m (£3.1m) on sales of £98.6m (£42.4m). The division's senior management team is now in place and the restructuring has been completed. Crowthers is still experiencing problems at Sunbeam, but expects this business to break even this year.

The group sustained a fall in profits to £4.9m (£5.4m) in its carpets division on sales of £78.9m (£76.4m). The decline was due to line withdrawals and further rationalisation at the Kidderminster plant, the cost of which is expressed as an extraordinary item of £1.6m.

In the cloth division, profits rose to 1.9m (£1.4m) on sales of £26.3m (£14.8m). The reorganisation of the recently acquired spinning and knitting businesses is now completed, but the original woollen mill faces intensified competition following the recent rise in the wool price.

Trevor Barker - John Crowther chairman

● comment

In the weeks after Black Monday - when the stock market vented its wrath on the speculative shares which had driven it upwards, and textiles resumed its old status of a dowdy, discounted sector - John Crowther Group, cast in the unenviable role of a speculative textile stock, saw its share price evaporate. When a share has fallen so far, so fast almost any news will revive it. The news of so hefty an increase in profits - with prospective earnings per share of 20p on profits of around £32m - was enough for the price to perk up yesterday. Yet Crowthers had little new to say. The group has great potential and a flourishing distribution arm; but it is still haunted by a rather racy reputation and by a huge carpets concern, which has yet to prove that it merits the extraordinary millions it has cost to reorganise. For a year or so the stock market has been waiting for Crowthers to prove its mettle. It is still waiting.

Glentree paying £7m for surveyors

By Philip Coggan

Glentree, one of the best-performing "shell stocks" of 1987, has made its second acquisition since the involvement of Hillsdown Holdings co-founder Mr David Thompson last May transformed the group's stock market profile.

The acquisition of surveyors Anthony Green & Spencer, will involve a change in the company's name to Union Square, a title which apparently has no particular significance. The change reflects the fact that the original Glentree estate agency business is no longer the core of the group.

Anthony Green & Spencer provides agency services to property owners and developers throughout the UK, and is involved in a number of projects, including the London Pavilion at Piccadilly Circus and a shopping centre and office development at Clapham Junction.

The vendors have warranted pre-tax profits of £1m and £2.27m for the years to March 1988 and 1989 respectively.

Glentree is paying about £7.2m in the form of 10.36m shares plus £728,000 in cash. Mr Anthony Green and Mr Antony Spencer will then be invited to join the board.

Also joining the board is Mr Richard Thompson, the chairman's son, who will assist with the development of the group's commercial property activities.

Glentree also unveiled yesterday its second interim profits, for the 12 months to November 30, which reflect the original estate agency business plus four months' figures of Goldschmidt Howland Cassells, the Hampstead agency which was acquired during the period.

Pre-tax profits were £699,000, compared with £190,000 in the previous year. Earnings per share were 1.28p (0.49p) and the directors are declaring a second interim dividend of 0.3125p.

Pacific expansion as Shandwick hits £3m

BY FIONA THOMPSON

Shandwick, the world's third largest public relations group with annual billings of £50m and 3,500 clients including Sylvester Stallone and Joan Collins, yesterday moved into the Japanese market with the acquisition of International Public Relations (IPR).

Shandwick is to pay an initial Y2.19bn (£9.65m) and further profit-related payments up to a maximum of £25m for IPR, Japan's largest independent PR consultancy.

Shandwick also announced the acquisition of The McCann Consultancy, UK public relations, advertising and design business, for £2.28m; a 1-for-3 rights issue to raise £16m to fund the purchases, and interim pre-tax profits more than trebled to £3.10m.

Shandwick has consultancies in the US, Canada, Hong Kong, Singapore, and Australia. "The acquisition of IPR will consolidate Shandwick's network in the Pacific region," said Mr Peter Gummer, chairman, "and it will complete the structure of an international consultancy, mirroring the triangular pattern of world trade - Europe, North America and the Pacific."

IPR, established in 1959, made pre-tax profits of £930,000 in the year to March 31 1987. Operating income was £5.33m.

Apart from the initial £9.65m payment for IPR, Shandwick may also pay additional amounts based on IPR's pre-tax profits for the six years ending March 31 1993 to a maximum of £20.4m. A further additional payment, to a maximum of £5m, may also be made.

For the McCann acquisition, Shandwick will pay £2.23m in cash plus £50,000 for McCann's net tangible assets. McCann made pre-tax profits of £160,000 on operating income of £2.05m in the year to end-December.

To fund both acquisitions, Shandwick plans to raise £15.38m by issuing 3.68m new ordinary shares at 435p on a 1-for-3 basis. Morgan Grenfell has underwritten the issue and the broker is Rowe & Pitman.

For the six months to January 31 1988, Shandwick reported pre-tax profits ahead to £3.1m from £1m. Operating income also trebled to £15.97m, compared with £5.16m last year. Earnings per share advanced to 20.0p (9.7p).

Shandwick has purchased 12 companies since going public in October 1985, seven of these last year. Of the pre-tax figure, £1m was from organic growth and £2m through acquisitions. Geographically, £6m of the £16m operating income originated from Europe, £7m from North America and £3m from the Pacific.

Shandwick has a range of clients: 15 per cent of its business comes from entertainment PR; 20 per cent from consumer goods; 20 per cent from corporate accounts; 15 per cent from industrial and hi-tech business; 10 per cent from financial PR; 15 per cent from culture and the arts; and 5 per cent from government relations work.

The interim dividend was set at 2p (1.5p).

● comment

Any company with Olivia Newton John and the Sultan of Brunei on its books certainly cannot be accused of putting all its eggs in one basket. Shandwick has always stressed the importance of a diverse client base and yesterday's acquisitions again reflect that. A number of people were going after IPR, and while at first glance it may have seemed fully priced, it is automatically bringing with it £300,000 in referral business. The interim results were better than most forecasts, and analysts have bumped up their full year predictions to about £8.5m. The shares closed unchanged at 530p last night. An ex-rights price of 506p produces a prospective p/e of just under 11, in line with the sector.

Electra backs New York reinsurance firm

BY NICK BUNKER

TWO FORMER executives of Guy Carpenter, the world's biggest reinsurance intermediary, are setting up a New York reinsurance brokerage firm with backing of $5m (£2.82m) from a consortium of British investors including Electra Investment Trust.

The two men, Mr Tal Piccione and Mr Joseph Fedor, were vice-presidents at Guy Carpenter, a powerful but very publicity-shy subsidiary of US-based Marsh & McLennan, the world's largest insurance broking group.

Their firm will be called US Re Corporation, said Mr Peter Carnwath, Electra's New York representative. Other British institutional investors within the consortium backing the venture are Charterhouse Development, Noble Grossart and Octavian Group.

The project is the latest of a series of insurance-related investments by Electra. It also has a holding in Windsor Group, the quoted Lloyd's broker, and was involved in the purchase of the London-based Sphere Drake insurance company from Alexander & Alexander Services, the New York-based insurance broker. Mr Carnwath said US Re would have about half-a-dozen staff based in New York and would handle US property/casualty reinsurance treaties. Mr Piccione will be the president and chief executive.

Chloride in talks

Chloride, the battery group, has announced that it is at an "advanced stage" of discussions relating to the acquisition of the Lightguard division of US group Exide Electronics.

Lightguard is one of the US' largest manufacturers of emergency lighting equipment. Chloride says the acquisition would give the group annual sales of emergency lighting of $40m.

ICI £66m Canadian deal

BY ANDREW HILL

Imperial Chemical Industries, the chemicals multinational which owns about 72 per cent of C-I-L, Canadian manufacturer of chemicals, fertilisers and mining explosives, yesterday announced plans to buy the outstanding shares for C$148.2m (£66.4m).

The remaining 3.9m common shares, quoted in the Canadian stock market, are currently held by the public and ICI has said it is willing to consider a price of C$38 per share.

C-I-L said that no decision had been taken to proceed with the transaction and the board is to consider the proposal.

In 1987, total sales of C-I-L were C$1.34bn, of which more than 20 per cent were made in the US.

Andrew Hill on misfortunes of the printer's friend

Rotaprint reaches end of its run

IF SENTIMENT were enough to keep a company alive then business at Rotaprint - one of the country's last manufacturers of small offset printing machines - would now be booming: thousands of jobbing printers learnt their trade on Rotaprint presses, or aspired to own one.

But last Friday the 61-year-old company asked Midland Bank to call in the receivers, less than a year after the introduction of two new presses which Rotaprint had promised would return the company to profit after nearly four years in the red.

In the last few years Rotaprint, which has a 16 per cent UK market share, has been beset by production and labour relations problems. The difficulties were aggravated by the City's view of the company as a fancied penny stock, which boosted its share price and increased the number of shareholders tenfold - but also the cost of servicing them.

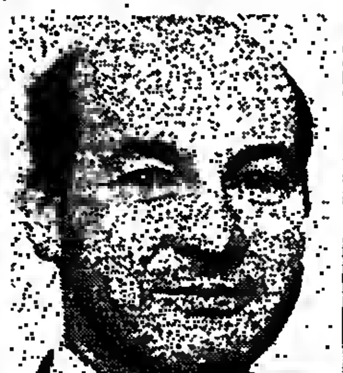
Ironically, Mr John Crates, chairman, says order books are "very healthy, positively embarrassing". The new, competitively priced, offset presses were well-received, but were five or six years in development, and trade observers say Rotaprint has tried to survive for too long on the strength of its reputation and sales of accessories such as printing ink and plates.

When the new presses finally arrived it proved difficult to convert acclaimed prototypes into successful production models and demand outstripped supply. The cost of correcting these manufacturing problems - which at one point last year brought the production line to a standstill - was perhaps the decisive factor in pushing Rotaprint towards receivership.

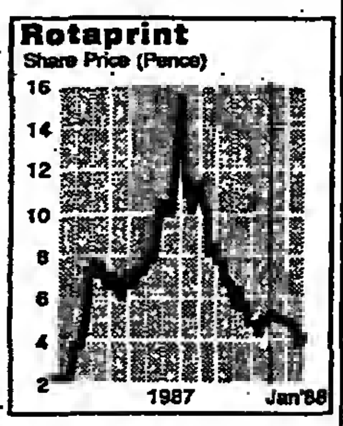
Seen in the longer term, Rotaprint's decline from its commanding position in the 1950s and 1960s reflects a 20-year contraction of the British printing equipment industry, caused by the rising fortunes of German and Japanese volume manufacturers.

West German machines, like those produced by Heidelberg, are said to be of better quality, while Japanese presses are cheaper and manufactured in greater quantities than the Rotaprint models.

Rotaprint was set up in the UK in 1927 as a selling agent for a German company and turned to manufacture after the war. In the 1960s over half its sales were made overseas, with Japan identified as a major market, and the company even had a short-lived agreement to make offset printing and duplicating machines for Xerox.



John Crates - unpublished interim figures would have shown downturn



Recession, labour relations problems and competition from imports affected the whole British printing industry during the late 1970s and early 1980s. The liquidation of Rotaprint's French distributor and the absence of new designs pushed the company near to collapse and in 1981 Midland called in Mr David Angwin, a top executive in the engineering industry, as chairman and company doctor.

However, continued competition from overseas forced Rotaprint to reduce margins, while the cost of developing new products was not offset by Mr Angwin's attempts to raise finance with a £1.3m rights issue. Management time was also taken up by legal battles with the original German company over the use of the Rotaprint name. Rotaprint of Germany is itself in the equivalent of receivership.

Hopes were raised in 1986 with the arrival of a new management team from Crystalate, the electronics group where profits were steadily increasing. Mr Crates and Mr Charles Howe, managing director, saw potential for expansion and consolidation of Rotaprint's core businesses.

"There were system and organisation problems, labour relations problems: rationalisation was needed in every department," said Mr Crates, who immediately restructured the group's finances with a £979,000 rights issue and a £1.02m share placing.

Financial rationalisation was a mixed blessing: now a penny stock, the share price soared to 18p last year - against the 4p suspension price - despite a strongly-worded AGM statement from Mr Crates attempting to dampen speculation.

The number of shareholders increased from about 2,800 just before Mr Crates and Mr Howe joined the company to over 28,000 at the last count. As a result, registrars' fees alone have risen to about £200,000 a year, contributing to pre-tax losses of £1.29m, but Mr Crates says the unpublished interim figures for the half-year to September would have shown a downturn, caused by the cost of sorting out production of the new presses.

Opportunities for growth in the last few years have been few. Total annual sales of small offset presses in the UK are static at about 3,000, and since 1980 Rotaprint has had to cut its workforce from over 1,100 to just 470, of which about a third are employed in production at the company's north London factory. The company has closed its other plants and drastically reduced production capacity.

If efforts to sell Rotaprint as a going concern are unsuccessful, Gestetner, the office equipment group, will become the sole offset press manufacturer in the UK, increasing the British industry's dependence on imports and depriving it of a name known to 10,000 customers.

Meanwhile, printers who made their fortunes with the help of Rotaprint presses may like to know that the receivers hope to advertise the company for sale next Tuesday.

Drayton Japan holders poised to support AJS resolution

BY NIKKI TAIT

SHAREHOLDERS of Drayton Japan, the largest MIM-managed investment trust with assets topping £280m, yesterday looked set to back an amended resolution calling on directors to devise a discount-eliminating scheme with a full cash option.

At 6.30 last night votes cast at an extraordinary meeting some two hours earlier were still being counted - although the outcome seemed in little doubt.

The resolution had been proposed by AJS Partners, the New Jersey-based investment partnership which has built up a 27 per cent voting interest in Drayton. The Drayton board strongly opposed the AJS motion and had already put forward plans to convert the fund into a split level investment trust with different classes of income and capital shares.

AJS argued that these proposals were inadequate because significant shareholders wished to cash in their holdings, thereby creating a technical overhang and depressing the price of the new shares.

At yesterday's EGM, the first motion to amend AJS's initial resolution and include insistence on the provision of a cash exit route, was carried by 4.2m votes to 2.7m - representing a 61 per cent vote in favour. Votes cast represented around 86 per cent of the total votes possible.

Anyone who turned up at yesterday's meeting expecting fireworks, however, was disappointed. There were no questions to directors - and all that ensued was a 90-minute delay as votes on that first motion were counted and a few quips from Drayton's chairman, Lord Stevens. The meeting was then closed before the result of the second vote - on the amended resolution itself - was announced.

However, aside from AJS's own stake in Drayton, certain large institutional shareholders - amongst them, Prudential, Standard Life and Eagle Star - were known to be supportive of the amended resolution.

COMMODITIES AND AGRICULTURE

Two-horse race for Comex leadership

By Deborah Hargreaves in New York

IN A vote next Tuesday members of New York's Commodity Exchange (Comex) will choose their first elected chairman, to succeed Mr Alan Brody, who will remain president and chief executive officer.

With the exchange bent on boosting its image, the winner of the two-horse race for the chairmanship will face a tough job steering Comex through the next couple of years of increasing competition in its metals business and a pressing need to diversify.

Its 772 members will cast their votes between an outspoken, seasoned trader, Mr John Hanemann, and the more intellectual Mr William Garvey.

Both are keenly aware of the problems facing Comex. In spite of many attempts the exchange has yet to come up with a viable new product to help its push to diversify out of its traditional base in metals trading. Its corporate bond futures contract, launched just before last year's stock market crash, hardly registers any trades at all.

Mr Garvey realises the need to come up with a new product, having been involved with the exchange's new products committee for many years. And Mr Hanemann says he is keen to take advantage of a small stock exchange Comex purchased in Utah two years ago to develop cross-trading between precious metals futures and mining stocks. Rival exchanges have also pushed to attract business from

Indonesian problem sends nickel price still higher

BY KENNETH GOODING, MINING CORRESPONDENT

NEWS OF production problems at PT International Nickel Indonesia (PT Inco) sent the London Metal Exchange price for nickel to be delivered in three months to a record $10,500 a tonne at one stage yesterday.

The potential loss of output at PT Inco is only about 2m lbs compared with annual western world consumption of around 1.3bn lbs. "This shows what panic would occur if there was a major loss in production", pointed out Mr John Harris, an analyst with London metal traders Rudolf Wolff.

"People are in a state of shock. They don't know where it goes from here."

Analysts are begining to look back at the $16,060 a tonne free market price achieved during 1969 when the nickel producers were hit by strikes.

Demand for nickel, particularly from the stainless steel producers, remains high. World stocks are dangerously low, the metal is in very short supply and LME prices have soared during the past week.

By the close last night, the three-month LME price had eased back to $10,255 a tonne, up by $1,130 from Tuesday's closing level, while the cash price – which reached a record $15,000 a tonne on Friday – gained $1,750

Farm export body in jeopardy

BY BRIDGET BLOOM

DECLINING fortunes in the agricultural industry have put the future of the British Agricultural Export Council in jeopardy, its directors announced yesterday.

The 120-member organisation was founded 22 years ago, originally as a government quango, to boost exports from the industries supplying goods and service used in agriculture.

According to a statement from its directors released yesterday, BAEC will cease to exist from the end of this month unless new sources of finance can be found.

Mr Peter Sillars, Chief Executive, said yesterday that membership, which in recent years has provided the greater part of BAEC's budget, had declined from 170 to the present 120 in the

nies had gone out of business or had amalgamated with others, while many of the rest were being forced into major economies, Mr Sillars said.

BAEC was given a once-and-for-all cash injection of £40,000 last year from the Ministry of Agriculture and the Department of Trade and Industry to tide it over until it found new sources of finance.

This it has apparently failed to do, while it has also not taken the Government's advice that it should merge with Food from Britain, the government-supported organisation which promotes the country's £50bn food industry.

Traded potato options planned

BY DAVID BLACKWELL

Cocoa tumbles to fresh lows

By David Blackwell

improved as sentiment was boosted by news that the IMF had approved loans to the Ivory Coast, the world's biggest cocoa producer, which is about $30m in arrears in its payments to the ICCO.

Consumers at the talks this week have been concerned that the Ivory Coast's arrears could hamper the financing of a cocoa withholding scheme, which will be introduced automatically if alternative price support measures are not agreed. The scheme will aim to keep as much as 120,000 tonnes off the market.

Delegates from producing and consuming countries agreed to keep discussions on price support measures and the level of intervention prices separate. The rules of the organisation require both questions to be tackled after last week's completion of buying for the buffer stock, which now stands at the maximum of 250,000 tonnes.

Intervention prices, measured in Special Drawing Rights are now in the range of 1,455 SDRs to 2,155 SDRs a tonne. If the talks do not decide otherwise, they will be cut automatically by 115 SDRs. At the moment, the indicator price is around 1,310 SDRs a tonne.

In Abidjan Fraternité Matin, the official Ivory Coast newspaper, said it was difficult to believe the talks in London could boost falling prices. The newspaper said destroying the cocoa surplus was the only way to lift the market.

● Malaysia's leading cocoa growers have told government officials that they are against the country joining the ICCO, in spite of pressure from other exporters, Reuter reports from Kuala Lumpur.

"We believe that commodity agreements do not work. This is illustrated by falling prices said a producer.

Brazilian pulp industry fears timber shortage

BY JOHN BARHAM IN SAO PAULO

fast-growing eucalyptus and pine trees make production even cheaper than in Canada or Sweden.

That price advantage would vanish, however, if they had to finance new forests without support.

Crippled by a rapidly increasing budget deficit, the Government of Brazil dacided last December to remove the remain-

ures exist, 407,500 hectares of new forest were planted – 14 per cent less than in 1979.

The supply of pine and eucalyptus trees for the paper and pulp industry is already narrowing and will reach crisis proportions within two years, the companies claim. Officials say it is impossible to estimate the pulp shortage, because no reliable figures exist.

viding companies with "very important returns", profit margins were still too thin to provide funds simultaneously to expand forestry and invest in new industrial plant.

The government will still provide tax incentives for forests in other parts of Brazil. However, in those regions the soil is poorer and trees grow more slowly than n the fertile south.

Harvesting begins at world's biggest pine plantation

BY PATRICK KNIGHT, RECENTLY IN SAO PAULO

HARVESTING HAS begun at the world's biggest tropical pine plantation. The 80,000-hectare Amcel project in Amapa, Brazil's northernmost state, is planned eventually to produce 1m tonnes a year of pine chips for export.

In the first phase, 400,000 tonnes of wood a year is to be taken by barge 200kms upstream to the Jari pulp project, which has been badly hampered by a timber shortage. In the second phase, due for completion in two years time, 500,000 tonnes of wood chips are scheduled to be exported annually, probably to Scandinavia and Japan.

By the mid-1990s Jari should finally be self-sufficient allowing Amcel to export the full 1m tonnes of chips a year.

Amcel was set up in the early 1970s by CAEMI one of Brazil's leading mining groups, in anticipation of the time when its manganese mines in Amapa would be exhausted. These mines are linked to a port by a 200 km railway and there are two large townships.

In the early 1970s the government wanted the remote Amapa state to be developed and 160,000 hectares was bought cheaply by CAEMI. Another tract was bought by Mr Daniel Ludwig, the American billionaire.

After experimenting with sugar cane, peanuts and cattle, CAEMI turned to Caribbean pine and 7,000 hectares have been planted each year since 1977. In 1982, the group started managing the troubled Jari project after it had been taken over from Mr Ludwig by a group of Brazilian companies. Jari had been plagued with wood supply problems, the high cost of energy and high infrastructure costs.

The low cellulose price of the early 1980s meant that Jari has been operating at a considerable loss.

Three different types of wood are now grown. Gmelina was Mr Ludwig's own choice, but it only does well on clay soils which are rare at Jari. Drought has also been a problem for Gmelina. The other varieties are pine, which has been planted on the sandy parts, and, in recent years, eucalyptus.

Far more trees have had to be cut each year than had been anticipated to supply the 240,000 tonnes-a-year mill and plantation timber has had to be supplemented by wood from the natural forest.

This all makes operating the Jari mill extremely complicated as feedstock has to be frequently switched. Wood from Amcel should solve Jari's supply problem.

In two years time, 84,000 hectares will have been planted at Amcel and from then on 7,000 hectares will be cut and replanted each year.

By then, equipment to process 500,000 tonnes of chips a year will be in place at the port. Chip carriers of 15,000 to 20,000 tonnes – the largest ships which can negotiate the north Amazon passage – will be loaded at a rate of 300 tonnes an hour.

Harvesting at AMCEL will be highly mechanised as labour costs are very high in remote Amazon areas.

By the time Amcel is fully operational, not only should Jari be self-sufficient in timber, but the energy problem there should also have been solved, as a 100 MW hydroelectric power station is to be built.

WORLD COMMODITIES PRICES

LONDON MARKETS

US MARKETS

IN LACKLUSTRE TRADING, the precious metals markets closed roughly unchanged to slightly easier as trade selling tended to overcome commission house and local buying, reports Drexel

New York

Chicago

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar gains a little ground

THE DOLLAR closed below the day's highs in Europe, but gained support from a Japanese news agency report that an unnamed senior US official said a higher dollar value will be accepted, until the rise becomes counter productive to the trade adjustment process.

He was reported to have added that this would be consistent with the upper range in the Louvre agreement, equivalent to a level of Y160.00.

Apart from this unsourced report there were no factors to move the market, and no reaction to a much larger than expected fall of 9.00 p.c. in January US new home sales, against forecasts ranging from a decline of 0.5 p.c. to 2.0 p.c.

US factory orders fell 0.6 p.c. in January, which was rather lower than expectations of a fall in the region of 1.0 p.c. to 1.7 p.c., but also had no impact.

Mr Alan Greenspan, chairman of the Federal Reserve Board, gave evidence to the US Senate budget committee, but without encouraging any reaction from the market.

Trading remained quiet and nervous, with dealers expecting the dollar to stay in a narrow range, until publication of the January US trade figures on March 17.

The dollar rose to DM1.6925 from DM1.6850; to FFr5.7275 from FFr5.7050; to SFr1.3990 from SFr1.3915; and to Y129.15 from Y128.25.

On Bank of England figures the dollar's index rose to 94.6 from 94.3.

STERLING - Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. February average 1.7590. Exchange rate index fell 0.1 to 74.7, compared with 73.0 six months ago.

Sterling lost ground to a stronger dollar, but showed continued strength against other major currencies. The pound moved up to close almost at DM3.00, where the market believes the Bank of England has set a ceiling for the currency.

Britain's official reserves for February were published yesterday, and suggested the Bank of England had not been active in providing support for the dollar or the pound during the month. The reserves showed an underlying fall of $25m, and produced no reaction in the market.

Sterling fell 65 points to $1.7710-1.7720, but rose to DM2.9975 from DM2.9950; to FFr10.1475 from FFr10.1425; to SFr2.4775 from SFr2.4750; and to Y228.75 from Y228.00.

D-MARK - Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. February average 1.6966. Exchange rate index 149.1 against 146.8 six months ago.

The D-Mark weakened against the dollar on a rumour that the US is prepared to let the dollar appreciate. The rumour came out of Japan and was associated with the dollar's value against the yen, but also resulted in an adjustment for the dollar against the D-Mark.

The dollar closed at DM1.6945 in Frankfurt, compared with DM1.6875 on Tuesday. At the Frankfurt fixing the West German Bundesbank did not intervene, when the dollar was fixed at DM1.6886, against DM1.6895 previously.

There was no reaction to news that West German industrial production rose rose 2.2 p.c. in January from December, after rising a revised 0.3 p.c. in December from November.

JAPANESE YEN - Trading range against the dollar in 1987/88 is 159.45 to 121.35. February average 129.17. Exchange rate index 239.1 against 225.1 six months ago.

The yen remained trapped in a narrow range against the dollar. The US currency met resistance from a technical chart point of Y128.60, and from fears of central bank intervention below Y128.00. There were no fresh factors, and after a dull day the dollar closed at Y128.45, compared with Y128.65 on Tuesday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1815	+1.70	+0.90	±1.5344
Danish Krone	7.85212	7.89505	+0.55	-0.25	±1.5404
German D-Mark	2.05853	2.06640	+0.38	-0.42	±1.0981
French Franc	6.90403	6.99053	+1.25	+0.45	±1.3674
Dutch Guilder	2.31943	2.31966	+0.01	-0.81	±1.5012
Irish Punt	0.768411	0.774924	+0.85	+0.05	±1.6684
Italian Lira	1483.58	1522.36	+2.61	+2.63	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Mar.2	Latest	Previous Close
£ Spot	1.7760-1.7770	1.7755-1.7765
1 month	0.38-0.35pm	0.37-0.35pm
3 months	1.13-1.09pm	1.12-1.10pm
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

POUND SPOT- FORWARD AGAINST THE POUND

[illegible]

CURRENCY RATES

[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

[illegible]

CURRENCY MOVEMENTS

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

OTHER CURRENCIES

	£	$
Hong Kong	13.7840-13.8010	7.7980-7.8000
Iran	120.00*	67.35*
Korea(Sth)	1345.25-1367.45	757.00-764.00
Kuwait	0.48720-0.48770	0.27575-0.27585
Luxembourg	62.65-62.75	35.35-35.45
Malaysia	4.5645-4.5660	2.5785-2.5815
Mexico	4056.40-4107.40	2295.00-2305.00
N Zealand	2.6710-2.6760	1.5110-1.5135
Saudi Ar	6.6260-6.6320	3.7500-3.7510
Singapore	3.5590-3.5650	2.0135-2.0155
S Af (Cm)	3.7430-3.7630	2.1230-2.1260
S Af (Fn)	4.9100-5.0495	1.7780-2.8570
Taiwan	50.70-51.00	28.60-28.70
U.A.E.	6.4890-6.4950	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Mar.2	£	$	DM	Yen	F Fr.	S Fr.
DM	0.334	0.591	1.	76.32	3.386	[illegible]
YEN	4.371	7.745	13.10	1000.	44.36	[illegible]
F Fr.	0.985	1.746	1.954	225.4	10.	[illegible]
S Fr.	0.404	0.715	1.210	92.33	4.096	[illegible]
H Fl.	0.297	0.526	0.890	67.93	3.014	[illegible]
Lira	0.453	0.802	1.357	103.6	4.595	[illegible]
C $	0.449	0.796	1.347	102.8	4.562	[illegible]
B Fr.	1.595	2.826	4.781	364.9	16.19	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Gilts surrender early gains

GILT PRICES failed to hold on to early gains and finished down from overnight levels. Trading in most Liffe contracts was rather dull during the morning. Prices opened a little lower after a decline in the US bond market but recovered towards midday as the pound stayed firm.

Later speculation that the dollar would be allowed to appreciate, tended to attract dollar buyers, which in turn boosted US bonds. Gilt prices took heart and moved up to the day's highs after lunch. But the firmer trend lacked sufficient muscle to deter profit takers, and gilt values slipped back as a result, to finish towards the day's lows.

US data provided a brief fillip for the bond market. Home sales fell by 9 p.c. in January compared with a revised fall of 6.8 p.c. in December and expectations of a 0.5-2.0 p.c. decline. The figures were probably affected to some extent by bad weather conditions but a pick later in the year was still expected to be modest at best.

The June long gilt price opened at 122-02, down from 122-09 on Tuesday and after touching a low of 121-25, moved up to a high of 122-15. This was not sustained, and the price came back to finish at 121-31.

US Treasury bonds started lower at 93-23 for June delivery, which proved to be the day's low, but touched a high of 94-10 before finishing at 94-01, compared with 94-00 on Tuesday.

While turnover remained at a reasonably respectable level, most traders saw volume inhibited by the market's current fixation with the UK Budget and US trade figures, due on March 15 and 17 respectively.

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE FT-SE INDEX FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

U.S. TREASURY BILLS (IMM)

	Latest	High	Low	Prev.
Mar	94.36	94.36	94.34	94.33
Jun	94.39	94.39	94.36	94.35
Sep	94.17	94.18	94.16	94.15
Dec	93.89	93.90	93.88	93.87
Mar	93.64	93.64	93.63	93.62
Jun	93.44	93.44	93.43	93.41

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.7152	0.7166	0.7143	0.7191
Jun	0.7236	0.7249	0.7225	0.7278
Sep	0.7328	0.7332	0.7320	0.7365
Dec	0.7418	-	0.7410	0.7452

THREE-MONTH EURODOLLAR (IMM)

$1m points of 100%

	Latest	High	Low	Prev.
Mar	93.21	93.21	93.17	93.16
Jun	93.09	93.10	93.05	93.02
Sep	92.85	92.85	92.81	92.78
Dec	92.58	92.58	92.53	92.50
Mar	92.34	92.34	92.29	92.25
Jun	92.12	92.12	92.08	92.03
Sep	91.91	91.92	91.89	91.84
Dec	91.74	91.75	91.73	91.68

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Mar	268.90	269.50	268.60	267.65
Jun	270.35	271.50	270.30	269.20
Sep	272.00	272.20	-	270.55
Dec	273.30	273.30	-	271.80

MONEY MARKETS

London rates steady

INTEREST RATES remained steady in London yesterday. Sterling's firmer trend against the D-Mark added weight to the relatively comfortable tone. However investors showed little incentive to make any long term commitment until after the UK Budget on March 15.

Pre-Budget nerves left institutions more inclined to leave their money "on the street" according to one dealer. This tendency to place funds at the short end of the market may already be making its mark.

UK clearing bank base lending rate
9 per cent
from February 2

Dealers were less than forthcoming with a plausible explanation behind yesterday's shortfall in official help, compared with the final forecast. Normally this would have driven short term rates firmer but overnight interbank money finished at 9-8 p.c. after s peak of 9½ p.c. and an opening level of 8⅞-8⅝ p.c.

Three-month interbank money was quoted at 9³⁄₁₆-9¹⁄₁₆ p.c. from 9⅜-9¼ p.c. while the one-year rate slipped to 9¹¹⁄₁₆-9⁹⁄₁₆ p.c. from 9¾-9⅝ p.c.

The Bank of England forecast a shortage of around £150m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £159m and a rise in the note circulation a further £90m. These were partly offset by Exchequer transactions which added £85m, and banks' brought forward balances £30m above target.

The forecast was revised to a shortage of around £300m and the Bank gave assistance in the morning of £9m through outright purchases of eligible bank bills in band 4 at 8⅞ p.c.

A further revision took the forecast to a shortage of around £350m, before taking into account the earlier help, and the Bank provided additional assistance in the afternoon of £40m through outright purchases of £38m of eligible bank bills in band 1 and £2m in band 4, all at 8⅞ p.c. Late help came to £120m, making a total of £167m.

The Bank also announced a rate of 8¹¹⁄₁₂ p.c. applicable to the special sale and repurchase facility introduced on January 13. The new rate applies to one week, rolled over from yesterday.

In Brussels the Belgian central bank cut its discount rate by 0.25 p.c. to 6 p.c., reflecting a recent decline in money market rates. At the same time the Lombard rate was reduced to 6.75 p.c. from 7 p.c.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BUSINESS LAW

Eurotwists to make Britain toe the line

By A.H. Hermann, Legal Correspondent

TO SAY, as soma do, thet Lord Cockfield, the Community Commissioner for the internal Market, is too big for his boots and unlikely to be reappointed is somehow besides the point. It requires exceptional self-control not to grow out of one's boots in the rarefied atmosphere of Berlaymout's 13th floor, with its vast and luxurious offices and devoted staff who have nothing much else to do but assure the commissioners thst they are, or at least should be, ruling Europe. Little can be achieved by replacing a commissiouer: his successor would succumb in no time to the snares of his physical surroundings. True, the selection of commissioners could be improved, but, above all, the Commission ought to be subject to the constitutional checks usual in democracies.

Through the legal service of the Commissiou, the bug of omnipotence and disdain for the letter of the Treaty of Roma spreads to the European Court in Luxembourg. It has also infected the staff of the Council of Ministers. No, I am not going to write about VAT on spectacles. in my view, the Court got that right. But there are other dangers and, given free rein, the Commissiou will find s pseudo-legal device to push up the price of children's clothes and push down that of cigarettes and alcoholic drinks.

Only recently, the Commission convinced many people that the European Court's judgment in *Morris* gave it the power to control mergers, denied to it by member governments. That move by the Commission at least had a clear, understandable objective even if it was a wrong one. The present, more trivial, pursuit of Lord Cockfield is to make the UK rewrite the State of Art clause of the Consumer Protectiou Act 1987 in words identical with the corresponding clause of the EEC Product Liability Directive.

Through the legal service of the Commission, the bug of omnipotence and disdain for the letter of the Treaty of Rome has spread to the European Court in Luxembourg

The Directive reads: "The producer shall not be liable . . . if he proves . . . that the state of scientific and technical knowledge at the time when he put the product into circulation was not such as to enable the existence of the defect to be discovered . . ."

The Consumer Protection Act says that it will be a defence for the manufacturer to show "that the state of scientific and technical knowledge at the relevant time was not such that a producer of products of the same description as the product in question might be expected to discover the defect if it had existed in his products while they were under his control."

This, though verbose, seems to be capable of the same effect as the directive. Even if there was some ambiguity in the Act, UK courts would choose from the possible interpretations the one which agrees with the directive. It is hard to say why the Commission makes so much fuss about so little, unless it is to train member states to obey blindly in small things, so that they lose the capability to question orders which really matter.

The same motive seems to be behind the latest action by the Commission against the Council. In case 11/88 it asks the Court to declare void a Council regulation defining the maximum permissible content of residual insecticides in animal feeding stuffs. The Commissiön has nothing against the contents of the regulation but complains that the Council had the temerity to base its decision not only on Art 43 of the Treaty as proposed by the Commission, but also on Art 100, thereby moving it from the category of acts requiring only majority decision to acts requiring unanimous decisions.

The contents of the regulation were also not in question when the Court recently annulled Council Regulation No 85/469. This removed the possibility of using, for therapeutic purposes only, five specified hormones still allowed after the general prohibition of hormone additives to animal feeding stuffs by Reg 81/602. In autumn 1985, the Commission prevented a meeting of the scientific sub-committee of the Economic and Social Council which was expected to declare thet the five artificial hormones then still allowed were harmless. Overruling a protest by the British government, in November 1985 the Commission produced a new draft regulation completely prohibiting the use of any synthetic hormones and this was adopted by the Council on the basis of Art 43 of the Treaty which requires only a majority decision.

The UK was able to obtain a cancellation of this decision by the Court only because the Council did not discuss the proposal and adopted the Regulation by a written procedure, which, according to Council's rules ohould be, but was uot, agreed uusnimouoly. The Council, said the Court, is bound by its own rules. However, it was a pyrrhic victory for the UK: the Court also ruled that Art 43 provides a sufficient basis for the Regulation, and that there is no need to refer to Art 100 which requires unanimity. The Community will now go through the entire legislative rigmarole once again and re-adopt the Regulation, overruling British dissent.

A similarly worthless victory was achieved last week by the UK in case 131/86. The Court cancelled a Council Directive of March 25 1986 which provided minimum standards for the cages in which egg-laying battery hens should be kept, but confirmed again the Commission'e claim that tha Directiva should be based only on Art 43, requiring majority voting and not jointly on Art 100, requiring unanimity.

The Court reasoned that Art 43 is the appropriate legal basis for all regulatious concerning the productiou aud commercialisation of agricultural products and aiming at the objectives of agricultural policy proclaimed in Art 39 of the Treaty.

This reasoning is difficult to follow: Art 43 provides in paragraph 3 for qualified majority decisions ou measures substituting common organisatiou for national organisations of the agricultural markets. Art 40 provides that such common organisation of agricultural markets should be established in order to achieve objectives set out in Art 39. These objectives are listed as follows:

a) increase of agricultural productivity,
b) fair standard of living of the agricultural community,
c) stabilisation of markets,
d) certainty of supplies,
e) reasonable consumer prices.

No word about the welfare of animals.

By contrast, Art 100 enables the Council to adopt by an unanimous decision a much wider spectrum of unspecified directives for the harmonisation of national laws directly affecting the operation of the Common Market. Measures taken for the benefit of animals can be brought under the wider scope of Art 100 but not under Art 43, which provides only for measures benefiting farmers.

This animal welfare aspect of the Directive was very evident from the text adopted by the Council. It contained a reference to the European Convention for the Protection of Farm Animals and to the fact that the Council adhered to this convention. It stated that the Directive was the first stage in establishing common minimum conditions for all systems of intensive breeding of farm animals.

However, these references disappeared from the text of the Directive published in the Official Journal. No doubt, the clever lawyers in the Council's secretariat forsaw the difficulty which these references to animal welfare would cause them before the European Court if the Directive was attacked by the UK or Denmark, which opposed its adoption. So they deleted these references and replaced them by a reference to Art 42 of the Treaty which in their view supported their case for s majority decision under Art 43.

They proved too clever by half and fell into their own trap. The Court granted the UK's application and annulled the Directive on the sole ground that the Secretariat is not entitled to change the text adopted by the Council, not even its preamble stating the reasons for, and the objectives of the legislation.

A little victory then against EC bureaucrats who think they may rewrite their masters' decisions. No doubt, however, they will have no difficulty in making the Council adopt the "improved" text of the Directive.

There will be no real respect for the Treaty and the rights of member states unless the candidates for appointment to the Commission and the Court are subjected to the sort of parliamentary scrutiny to which candidates for posts of similar importance are subjected in the US; and unless the Commission is made fully answerable to a truly representative European Parliament.

EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Stock
GOLD C	$440	91	12	3	23	-	-	$429.40
GOLD C	$460	107	6.90	-	-	168	21.50	$429.40
GOLD C	$500	35	1.80	9	5	-	-	$429.40
GOLD P	$400	30	4.60	10	5.50	-	-	$429.40
GOLD P	$420	97	8.50	10	12.10	21	15.80	$429.40
GOLD P	$440	46	16.50	32	19	-	-	$429.40

Series		Mch. 88 Vol	Mch. 88 Last	Apr 88 Vol	Apr 88 Last	May 88 Vol	May 88 Last	Stock
EOE Index C	Fl. 165	6	35	3	34	-	-	Fl. 200.16
EOE Index C	Fl. 175	21	24.80	-	-	-	-	Fl. 200.16
EOE Index C	Fl. 180	245	21	2	20.50	-	-	Fl. 200.16
EOE Index C	Fl. 185	626	15.50	4	16.90	-	-	Fl. 200.16
EOE Index C	Fl. 190	57	11	75	14	18	15.50	Fl. 200.16
EOE Index C	Fl. 195	811	7.20	64	10.60	212	12 B	Fl. 200.16
EOE Index C	Fl. 200	113	4.60 B	245	8	420	10.50	Fl. 200.16
EOE Index P	Fl. 170	3	0.30	40	1	-	-	Fl. 200.16
EOE Index P	Fl. 175	22	0.90	6	1.70	-	-	Fl. 200.16
EOE Index P	Fl. 180	-	-	268	2	-	-	Fl. 200.16
EOE Index P	Fl. 185	36	1	59	3.50	64	4.80	Fl. 200.16
EOE Index P	Fl. 190	85	1.60	23	4.70	5	7.50	Fl. 200.16
EOE Index P	Fl. 195	490	3	79	6.70	0	9.90	Fl. 200.16
EOE Index P	Fl. 200	68	5	12	8.20	14	12 A	Fl. 200.16
S/Fl C	Fl. 190	313	1.90	-	-	-	-	Fl. 190.19
S/Fl C	Fl. 195	-	-	-	-	20	1.50	Fl. 190.19
S/Fl P	Fl. 185	11	0.40	-	-	-	-	Fl. 190.19
S/Fl P	Fl. 190	265	1.30	-	-	50	4.20	Fl. 190.19

Series		Apr 88 Vol	Apr 88 Last	Jul. 88 Vol	Jul. 88 Last	Oct. 88 Vol	Oct. 88 Last	Stock
ABN C	Fl. 40	837	1.60	129	2.50	33	2.80	Fl. 40.20
ABN P	Fl. 40	70	1.30	42	3	40	4.10	Fl. 40.20
AEGON C	Fl. 70	241	3.10	134	4	2	5.20	Fl. 70.90
AEGON P	Fl. 70	51	2.20	13	4.50	-	-	Fl. 70.90
AHOLD C	Fl. 75	93	4.70	14	5.70	1	7	Fl. 76.90
AHOLD P	Fl. 75	27	2.20	-	-	-	-	Fl. 76.90
AKZO C	Fl. 100	1086	8.20	392	10	28	13	Fl. 105.80
AKZO P	Fl. 110	125	6.80	48	13	67	15.50	Fl. 105.80
AMEV C	Fl. 45	91	2.50	119	3.70	-	-	Fl. 46
AMEV P	Fl. 50	-	-	128	6.50	-	-	Fl. 46
AMRO C	Fl. 65	774	2.90	253	3.50	87	3.80	Fl. 66.50
AMRO P	Fl. 65	75	1.50	146	3.90	103	5	Fl. 66.50
ELSEVIER C	Fl. 50	254	2.20	188	3.30	11	4.50 A	Fl. 49.50
ELSEVIER P	Fl. 40	16	0.40	35	1.20	-	-	Fl. 49.50
GIST-BROC. C	Fl. 30	428	2.60	853	3.30	2	8	Fl. 31.50
GIST-BROC. P	Fl. 25	23	0.20	12	0.90	-	-	Fl. 31.50
HEINEKEN C	Fl. 130	366	4.50	51	7	10	8.20 B	Fl. 127
HEINEKEN P	Fl. 120	33	2.90	61	7	-	-	Fl. 127
HOOGOVENS C	Fl. 30	605	3.88	129	5	32	6.10	Fl. 32.10
HOOGOVENS P	Fl. 25	32	0.40	9	0.80	-	-	Fl. 32.10
KLM C	Fl. 35	782	1.50	271	3	63	3.70	Fl. 34.90
KLM P	Fl. 35	140	1.60	30	2.60	-	-	Fl. 34.90
NEDLLOYD C	Fl. 190	9	14 A	114	21.50	-	-	Fl. 194.50
NEDLLOYD P	Fl. 160	44	2.10	2	8 A	2	14	Fl. 194.50
NAT NED. C	Fl. 60	269	1.90	303	3.30	253	4.30	Fl. 59
NAT.NED P	Fl. 50	7	0.30	1	1.40	204	2.20	Fl. 59
PHILIPS C	Fl. 27.50	290	1	144	1.50	25	2.60	Fl. 27.60
PHILIPS P	Fl. 25	65	0.70	21	1.80	4	1.90	Fl. 27.60
ROYAL DUTCH C	Fl. 220	527	4.80	678	6.70	8	9 A	Fl. 215.10
ROYAL DUTCH P	Fl. 210	185	3.40	64	10.50	11	14.30	Fl. 215.10
ROBECO C	Fl. 90	10	3.20 A	46	5	21	5.50	Fl. 91.30
ROBECO P	Fl. 85	16	0.80	-	-	-	-	Fl. 91.30
UNILEVER C	Fl. 120	976	2.70	395	5.20	18	7.50	Fl. 115.90
UNILEVER P	Fl. 110	289	2.30	223	5.80	-	-	Fl. 115.90

TOTAL VOLUME IN CONTRACTS : 40,533

A=Ask B=Bid C=Call P=Put

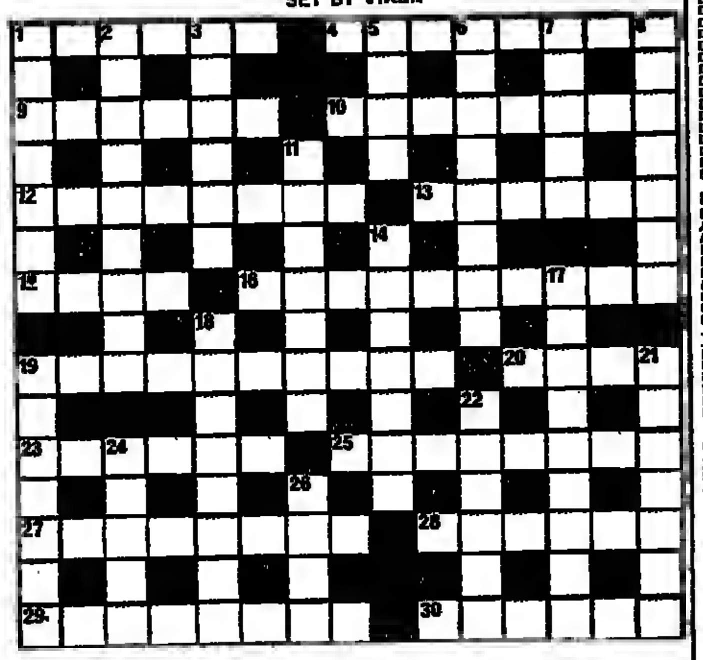
BASE LENDING RATES

	%		%		%
ABN Bank	9	Citibank NA	9	Nat Bk. of Kuwait	9
Adam & Company	9	City Merchants Bank	9	NatWestminster	9
AAB - Allied Arab Bk	9	Clydesdale Bank	9	Northern Bank Ltd	9
Allied Irish Bank	9	Comm. Bk. N. East	9	Norwich Gen. Trust	9
American Exp. Bk	9	Consolidated Cred	9	PK Finans. Int(UK)	9½
Henry Ansbacher	9	Co-operative Bank	*9	Provincial Bank PLC	10
ANZ Banking Group	9	Cyprus Popular Bk	9	R. Raphael & Sons	9
Associates Cap Corp	10	Dunbar Bank PLC	9	Roxburghe G'rantee	10
Authority Bank	9	Duncan Lawrie	9	Royal Bk of Scotland	9
B & C Merchant Bank	9	Equatorial Bank plc	9	Royal Trust Bank	9
Banco de Bilbao	9	Exeter Trust Ltd	9½	Smith & Williamson Secs.	9
Bank Hapoalim	9	Financial & Gen. Sec.	9	Standard Chartered	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd.	9½	TSB	9
Bank Credit & Comm	9	● Robert Fleming & Co.	9	UDT Mortgage Exp	§10.2
Bank of Cyprus	9	Robert Fraser & Ptnrs.	10	United Bk of Kuwait	9
Bank of Ireland	9	Girobank	9	United Mizrahi Bank	9
Bank of India	9	Grindlays Bank	9	Unity Trust Bank Plc	9
Bank of Scotland	9	● Guinness Mahon	9	Western Trust	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Westpac Bank Corp.	9
Barclays Bank	9	● Hambros Bank	9	Whiteaway Laidlaw	9½
Benchmark Bank PLC	9	Heritable & Gen Inv Bk	9	Yorkshire Bank	9
Berliner Bank AG	9	● Hill Samuel	§9		
Brit. Bk of Mid East	9	C. Hoare & Co.	9		
● Brown Shipley	9	Hongkong & Shangh	9		
Business Mtge Tst	9	Lloyds Bank	9		
CL Bank Nederland	9	Meghraj Bank Ltd	9		
Central Capital	9	Midland Bank	9		
● Charterhouse Bank	9	● Morgan Grenfell	9		
		Mount Bnkg Corp.	9		

● Members of the Accepting Houses Committee. * 7 day deposits 4.00% Savewise 6.66%. Top Tier-£2,500+ at 3 months' notice 8.31%. At call when £10,000+ remains deposited. § Mortgage base rate. § Demand deposit 4.00%. Mortgage 9.75% - 10%

FT CROSSWORD No.6,571

SET BY VIXEN



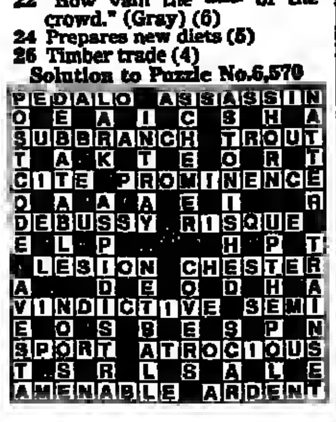
ACROSS

1 Having to do with string and tape (6)
4 Giving the chop, yet remains in support (8)
9 An insect – being male it's following (6)
10 Cut short, but aren't cut badly (8)
12 Look drunk and so invulnerable (8)
13 His name could be Ronald (6)
15 A mineral occurring in most continental countries (4)
16 A battle of the last war (10)
19 Features appropriate neckwear (10)
20 A pound for taking care of work (4)
23 Plane carrying the French team (6)
25 Quite dark lead – inferior (8)
27 The mixture made a tin full of spirit (8)
28 "Contribute?" the fellow scoffed (6)
29 See about mending tears – there's a cold wintry wind (8)
30 Personal communication with an adored being (6)

DOWN

1 A defence force has to catch up (7)
2 She finds a low score quite OK (9)
3 Fruit is gathered in the fall (6)
5 A flier's escapade (4)
6 Sol airs various odd items (8)
7 State one retiring had nothing (5)
8 Rough ground around the east for which payment is made (7)
11 Alms-giving – though cautious about it (7)
14 Clothes for the young still in up-to-the-minute fashion (7)
17 A beast forever taking the hump (9)
18 Some girls in love get a tearful look – get very dull! (8)
19 Man of the cloth making coppers report (7)
21 Ruse apt to upset a scientist (7)
22 "How vain the —— of the crowd." (Gray) (6)
24 Prepares new diets (5)
26 Timber trade (4)

Solution to Puzzle No.6,570



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq. London EC3A 6AR 01-588 6793/4/5

Scimitar Global Gth Acc	28.5	30 4	+0 3	–
Do Income	28 1	30 2	+0 3	0.19
Scimitar European Acc	21 1	22.5	-0.2	–
Do Income	21 0	22 4	-0 1	0 11
Scimitar UK Eq Inc Acc	35 7	37.6	+0.2	–
Do Income	33 3	35 1xd	+0.2	5 44
UK Cap Gth Acc	24.1	25 4	+0.3	0 75
Scimitar Pac Basin Acc	30 0	32 0	+0 3	–
Scimitar Mngd Exempt	139.6	145.5xd	+0.6	–

Scottish Equitable Fund Mgrs. Ltd(z)
20 St Andrew Sq. Edinburgh 031-556 1051

Intnl Income Units	130 7	139 0	–	3.34
Intnl Accum Units	200 2	213.0	–	3.34
UK General Acc	37.8	40 9	+0 9	3.38
UK General Inc	36.9	38 9	+0 5	3.38
American	27 6	29 4	+0 1	2.13
European	35.5	38 0	+0.2	1 26
Japan	58.5	62 5	-0.2	0 03
Technology	35.2	37 7xd	–	2 29
Performance Trusts				
Far East Perf Tst	18.1	19 4	-0 2	2 00
High Inc Perf Tst Inc	23 7	25 4	-0.1	5 36
High Inc Perf Tst Acc	24 2	25 9	+0.1	5 36
Worldwide Tact Perf Tst	28 1	30 1	-0.2	2 71

Scottish Life Investments(z)
19 St Andrew Sq. Edinburgh 031-225 2211

Nelson (UK)	208 8	223 4	-2 1	2 69
Columbus (US)	133.8	143 2	-0 1	1 31
Marco Polo (Pac)	217 0	232 1	+2 5	0 28
Da Vinci (Eur)	224 9	240 6	-1 9	1 66
Drake (Wld)	52.8	56 5	+0.5	2.64

Scottish Mutual Investment Managers Ltd
109 St Vincent St. Glasgow G2 5HN 041-248 6100

UK Equity	202 2	215 2	-1 6	2 73
UK Smllr Cos. Equity	207 8	221 1	-0 7	1 94
UK Special Situations	59 5	63 3	+0.3	2 99
Income Plus	51 F	55 1	–	5 91
European	163.0	173 5	+0 6	1 63
Far Eastern	51 1	54 4	-0.3	2 22
Japanese	35 0	50 4	-0.3	–
North American	114 5	121 7	-0.1	1 29

Trades Union Unit Trust Managers
100 Wood Street. London EC2 01-606 4355

TUUT Mar 1	212.5	223.7xd		3 22

Triton Fd Mngrs. Ltd.
Royal Ldn Hse. Colchester CO1 1RA 0206 764400

Triton General	144.5	156 41	–	1.60

Tyndall Unit Trust Managers Limited
25 Bucklersbury. London EC4N 248 3399

Convertible & General	58 1	61 6	-0 1	6.46
Accum Units	59 8	63 9	-0 1	–
Income	79.2	84 0	+0.4	5.12
Accum Units	79 2	84 0	+0.4	–
Smaller Co's	82 6	87 6xd	-0.8	1.85
Accum Units	83.5	88.6	-0.9	–
UK Growth	84.4	89 5xd	-0.2	2.32
Accum Units	85.6	90.7	-0.2	–
Pacific Gold 7ip Acc	47.6	50.5	–	–

UK Unit Trust Managers Ltd
Worthing Road Horsham RH12 1SL 0403 65035

British Growth Fd	57.9	61.6		1 74
Technical Analysis Fd	49 9	53.1		3 42

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave. London EC2R 7PA 01-588 6064
Advisors: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	176.3	187.6		1.62
Friars Hse Inc Fd	150.2	158 1		3 82

United Charities Unit Trusts (a)(c)(e)
Unicorn Hse. 252 Romford Rd. E7 01-534 5544

United Charities	169.2	180.0	-0.8	4.68

Vanguard Trust Managers Ltd (z)
65 Holborn Viaduct. London EC1A 2EU 01-236 3053
Dealing Line. 01-236 2468

Glenfriars	181 4	193.0	–	1.61
(Accum Units)	184 9	196 7	–	–
Far East & Gen	56 6	59 7	-0 4	–
(Accum Units)	56 1	59 7	-0 6	–
Master Portfolio	66 151	67 847	+0.450	7 00
(Accum Units)	67 403	69 726	+0.462	–
American & Gen.	57 2	60.9	-0 2	3 98
(Accum Units)	57 9	61 6	-0.2	–
Growth	209.6	223.9xd	-1.2	1 97
(Accum Units)	316 2	336 4	+1 9	–
High Yield	264 4	281 3xd	-1 7	9 61

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assur.	374.6	394.4	—	–
Ebr'r Ph. Eq.	316.0	337.6	—	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	163.0	171.5	+1.4	–
International Acc.	129.9	136.7	+0.8	–
Property Acc.	125.4	132.0	—	–
Fixed Interest Acc.	154.8	162.9	+0.1	–
Money Acc.	136.9	143.9	—	–
Bldg. Soc. Link Acc.	133.8	140.8	+0.1	–
Special Mngd Acc. Q.	146.2	153.8	+0.9	–
Phoenix/Framlington				
Intnl. Growth Acc.	89.6	94.3	+0.5	–
Amer. & Gen. Acc.	83.6	88.0	+1.4	–
Capital Tst. Acc.	171.6	180.6	+0.9	–
Japan & Gen Acc.	182.7	192.3	+1.3	–
American Turn. Acc.	82.5	87.0	+1.3	–
Recovery Tst. Acc.	168.6	177.4	+1.8	–
Special Mngd Acc.	142.7	150.2	+1.2	–
Phoenix/GT				
International Acc.	123.3	129.7	+1.3	–
US & General Acc.	92.1	96.9	+1.2	–
Amer Spec Sits Acc.	65.8	69.2	+0.8	–
Japan & General Acc.	177.2	186.5	+1.3	–
Far East & Gen. Acc.	140.3	147.6	+1.0	–
UK Capital Acc.	170.7	179.6	+0.3	–
European Acc.	135.0	142.1	+0.4	–
Special Mngd. Acc.	125.7	132.5	+0.8	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd. N. Waterloo, Liverpool 051-928 6655

Managed Fund	266.1	280.2	+6.2	–
Man Pens Inc & Cap Fds.	940.5	958.3	+10.4	–
Money Fund	111.4	117.3	+0.1	–
Pens Mngd Fd (Unit)	83.5	87.9	+1.7	–
Pens Mngd Fd (Acc)	93.9	98.9	+2.2	–
Pens FT30 Fd (Unit)	128.1	134.9	+2.6	–
Pens FT30 Fd (Acc)	144.0	151.6	+3.0	–
Pens O'seas MnFd(Unit)	56.7	59.7	+1.4	–
Pens O'seas MnFd(Acc)	63.7	67.1	+1.7	–
Pens Fxd Int Fd (Unit)	104.7	110.3	+1.3	–
Pens Fxd Int. Fd (Acc)	117.6	123.8	+1.9	–
Pens Deposit Fd (Unit)	100.9	106.3	+0.1	–
Pens Deposit Fd (Acc)	113.4	119.4	+0.2	–

Premium Life Assurance Co Ltd
37–39, Perrymount Road, Haywards Heath 0444 458721

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prudfund				
Managed Feb 24	195.6	203.8	—	–

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd.	434.9	457.8	+2.2	–
Equity Fd.	872.3	918.3	—	–
Intnl. Fd.	309.2	325.5	+1.3	–
Fixed Int. Fd.	366.2	385.5	—	–
Prop. Fd.	306.1	322.3	—	–
Cash Fd.	234.4	246.8	—	–
Pacific Basin Fd	171.6	180.7	+1.1	–
North American Fd.	125.5	132.2	—	–
European Fd.	133.0	140.0	+0.9	–
Holborn Balanced Gwth Fd.	99.6	104.9	—	–
Holborn Strategic Gwth Fd.	97.5	102.7	—	–

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	462.9	487.3	+3.1	–
Equity	657.1	691.7	+5.7	–
Global Equity	195.8	206.2	+1.5	–
Fixed Interest	371.7	391.3	+1.8	–
Property	306.9	323.1	-0.1	–
Cash	137.8	145.1	—	–
Index Linked Gilt	163.7	172.4	-0.4	–
Guaranteed	8.96		—	–
International Money	187.2	197.1	+0.3	–
North American Fd.	55.6	58.6	+0.3	–
Japanese Fund	125.4	132.1	+0.9	–
European Fund	70.3	74.0	-0.1	–
Special Situations Fd.	95.4	100.5	-0.6	–
Communications Fund	79.8	84.0	+0.9	–
Smaller Cos Fund	93.9	98.9	+0.8	–

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretry Feb 24	£122.46	125.97	—	–
Equity Fund Feb 24	£130.44	134.39	—	–
Intnl Fund Feb 24	£21.06	21.76	—	–
Intl Bond Fd Feb 24	£10.99	11.14	—	–
Fixed Int. Feb 24	£66.81	67.67	—	–
Index Linked Feb 24	£51.45	52.08	—	–
Property Fund Feb 24	£79.01	83.79	—	–
Cash Fund Feb 24	£18.2309	18.2309	—	–
Pru-Linked Retirement Plan				

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

Five to Fifteen Years

1987/88 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
107 [illegible]	97 [illegible]	Treas 10pc 1993‡‡	103 [illegible]	+ [illegible]	9.69	9.28
118 [illegible]	107½	Treas 12½pc 1993‡‡	113 [illegible]	- [illegible]	11.00	9.21
95 [illegible]	82¼	Funding 6pc 1993‡‡	92 [illegible]	- [illegible]	6.51	7.77
125 [illegible]	113¼	Treas 13¾pc 1993‡‡	119½	—	11.52	9.30
129 [illegible]	117½	Treas 14½pc 1994‡‡	123 [illegible]	- [illegible]	11.73	9.27
124 [illegible]	112 [illegible]	Exch 13½pc 1994	118 [illegible]	- [illegible]	11.35	9.36
107¼	97 [illegible]	Treas. 10pc Ln. 1994‡‡	103 [illegible]	- [illegible]	9.64	9.19
120 [illegible]	106 [illegible]	Exch. 12½pc 1994	114 [illegible]	- [illegible]	10.88	9.37
103¼	92 [illegible]	Treas 9pc 1994‡‡	99½	- [illegible]	9.03	9.05
118¼	105 [illegible]	Treas 12pc 1995	113¼	- [illegible]	10.61	9.37
84¼	76	Exch 3pc Gas 90–95	82 [illegible]	- [illegible]	3.62	5.96
109 [illegible]	97¼	Exch. 10¼pc 1995	105 [illegible]	......	9.76	9.28
123 [illegible]	110 [illegible]	Treas 12¼pc 1995‡‡	110 [illegible]	- [illegible]	10.79	9.37
130 [illegible]	116¼	Treas. 14pc '96	124 [illegible]	- [illegible]	11.29	9.51
102 [illegible]	92	Treas. 9pc 1992–96‡‡	99 [illegible]	- [illegible]	9.06	9.11
139 [illegible]	123 [illegible]	Treas 15¼pc 1996‡‡	132 [illegible]	- [illegible]	11.55	9.50
127 [illegible]	113 [illegible]	Exch 13¼pc 1996‡‡	121 [illegible]	- [illegible]	10.89	9.38
89 [illegible]	81¼	Redemption 3pc 1986–96	85¾	- [illegible]	3.50	5.07
108 [illegible]	95¼	Conversion 10pc 1996	103 [illegible]	- [illegible]	9.63	9.34
128 [illegible]	113½	Treas 13¼pc 1997‡‡	122 [illegible]	- [illegible]	10.82	9.44
111 [illegible]	98¼	Exch 10½pc 1997	106 [illegible]	- [illegible]	9.84	9.36
101 [illegible]	88 [illegible]	Treas 8¾pc 1997‡‡	97 [illegible]	- [illegible]	9.01	9.20
97 [illegible]	92½	Tr 8¾pc Ln "C" 1997	97 [illegible]	- [illegible]	9.01	9.20
140 [illegible]	123 [illegible]	Exch 15pc 1997	133 [illegible]	- [illegible]	11.27	9.64
106 [illegible]	93 [illegible]	Exch. 9¾pc 1998	102 [illegible]	- [illegible]	9.52	9.35
88 [illegible]	78	Treas 6¾pc 1995–98‡‡	85 [illegible]	- [illegible]	7.90	8.94
145 [illegible]	128 [illegible]	Treas. 15½pc '98‡‡	138 [illegible]	- [illegible]	11.18	9.60
122 [illegible]	107 [illegible]	Exch. 12pc 1998	116 [illegible]	- [illegible]	10.27	9.45
106 [illegible]	92 [illegible]	Treas 9½pc 1999‡‡	102 [illegible]	- [illegible]	9.31	9.18
124 [illegible]	109 [illegible]	Exch. 12¼pc 1999	118 [illegible]	- [illegible]	10.30	9.45
113	98½	Treas. 10½pc 1999	107 [illegible]	- [illegible]	9.74	9.35
111 [illegible]	96 [illegible]	Conversion 10¼pc 1999	106 [illegible]	- [illegible]	9.64	9.36
100¼	86 [illegible]	Treas. 8½pc Ln 2000‡‡	95 [illegible]	- [illegible]	8.91	9.13
103 [illegible]	89½	Conversion 9pc 2000‡‡	98 [illegible]	- [illegible]	9.13	9.19
131¼	114¾	Treas. 13pc 2000	125 [illegible]	- [illegible]	10.40	9.51
110 [illegible]	95 [illegible]	Treas 10pc 2001	105½	- [illegible]	9.50	9.28
134 [illegible]	118 [illegible]	Treas. 14pc '98–01	128 [illegible]	- [illegible]	10.93	9.60
108 [illegible]	93 [illegible]	Conversion 9¾pc 2001	103 [illegible]	- [illegible]	9.41	9.27
122½	107	Exch. 12pc '99–02	116¼	- [illegible]	10.29	9.48
110 [illegible]	96	Conversion 10pc 2002	105 [illegible]	- [illegible]	9.46	9.26
109	94 [illegible]	Treas 9¾pc 2002	104 [illegible]	- [illegible]	9.36	9.22
103	89	Exch. 9pc 2002	98 [illegible]	- [illegible]	9.13	9.18

Over Fifteen Years

1987/88 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
136 [illegible]	119 [illegible]	Treas. 11¾pc 2000–03	130 [illegible]	- [illegible]	10.56	9.54
111 [illegible]	96¼	Treas 10pc 2003	106 [illegible]	- [illegible]	9.38	9.19
121 [illegible]	105¼	Treas. 11½pc 2001–04	115 [illegible]	- [illegible]	9.93	9.38
111 [illegible]	96 [illegible]	Treas. 10pc 2004	106 [illegible]	- [illegible]	9.35	9.16
59¼	51¼	Funding 3½pc '99–04	58 [illegible]	- [illegible]	6.01	8.17
107 [illegible]	92¼	Conversion 9½pc 2004	102 [illegible]	- [illegible]	9.21	9.12
107¼	92 [illegible]	Conversion 9½pc 2005	103	- [illegible]	9.20	9.11
116¼	101 [illegible]	Exch 10½pc 2005	111 [illegible]	- [illegible]	9.38	9.11
132 [illegible]	115	Treas. 12½pc 2003–05	126½	- [illegible]	9.87	9.24
94 [illegible]	82¼	Treas. 8pc 2002–06‡‡	90 [illegible]	- [illegible]	8.80	9.02
110¼	95	Conversion 9½pc 2006	105¼	- [illegible]	9.29	9.12
126¼	108 [illegible]	Treas. 11¾pc 2003–07	119 [illegible]	- [illegible]	9.78	9.22
99 [illegible]	85 [illegible]	Treas 8½pc 2007‡‡	95 [illegible]	- [illegible]	8.89	8.97
142 [illegible]	123 [illegible]	Treas. 13½pc '04–08	135 [illegible]	- [illegible]	[illegible]	9.20
104 [illegible]	89 [illegible]	Treas. 9pc 2008‡‡	100	- [illegible]	[illegible]	8.97

FOREIGN BONDS & RAILS

1987/88 High	Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	45	......	3.50	f7.78
52	40	Do. 6pc 28 Stb. Ass.	45	......	3	f6.67
50	45	Do 4pc Mixed Ass.	45	......	2	f4.44
75	58	Hung. '24 Ass.	75	......	2.75	f3.67
146½	122¾	Hydro Quebec 15pc 2011	138 [illegible]	- [illegible]	15.00	10.90
136¼	115½	Ireland 14½pc Ln 2016	126 [illegible]	- [illegible]	14.50	11.30
103½	94	Ireland 9¾pc '91–96	100½	- [illegible]	9.75	9.65

AMERICANS

1987/88 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
42	23¾	Abbott Laboratories‖	29 [illegible]	- [illegible]	$1 [illegible]	—	1.9
40¾	20¾	Alcoa $1	25½	- [illegible]	$1 [illegible]	—	2.6
18¾	420p	♦Allegheny & W 1c.	564p	......	[illegible]	—	2.9
19 [illegible]	7 [illegible]	Amax $1	10	- [illegible]	—	—	—
30¼	13¾	Amdahl 5c.	19½	+ [illegible]	[illegible]	—	0.6
35¾	18¾	Amer. Cyanamid $5	27½	- [illegible]	$1 [illegible]	—	2.1
25 [illegible]	11 [illegible]	Amer. Express 60c.	14¾	......	[illegible]	—	2.8
12 [illegible]	636p	Amer. Medical Int. $1	832p	-8	[illegible]	—	4.7
22½	14¼	American T. & T. $1	10 [illegible]	- [illegible]	$1 [illegible]	—	4.0
65½	43½	Ameritech $1	53	+ [illegible]	h$4 [illegible]	—	4.9
24¾	14¼	Amfac‖	19½	......	—	—	—
25	16	Anheuser-Busch $1	18 [illegible]	- [illegible]	60c	—	1.8
98p	33p	♦AritTech‖	79½	......	—	—	—
10¾	3¼	BankAmerica $1 [illegible]	4¾	- [illegible]	—	—	—
34¾	14¾	Bankers N.Y. $10	19 [illegible]	+ [illegible]	$1.66	—	4.6
49½	34½	Bell Atlantic $1	40½	- [illegible]	$3.84	—	5.2
27	18	BellSouth Corp.	23¼	- [illegible]	$2.20	—	5.2
12	4¼	♦Bethlehem Steel $8	12	+ [illegible]	—	—	—
20½	624p	Bio-Rad Labs. Inc. "A"	995p	+13	—	—	—
27¾	13¾	Bowater Inc.	19	+ [illegible]	92c	—	2.7
21¾	12¼	Browning-Ferris 16.6c	15	- [illegible]	48c	—	1.8
18¾	6¾	Brunswick 75c.	11¾	+ [illegible]	36c	—	1.7
[illegible]	[illegible]	CBC Intnl. 25c.	[illegible]	[illegible]	[illegible]	—	[illegible]

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Contd

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING—Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- §§ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- N Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ¶ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. o Earnings based on preliminary figures. v Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend, xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	60	–
Craig & Rose £1	443	–
Finlay Pkg. 5p	78	+1
Holt (Jos) 25p	£11⅝	+⅛

IRISH

Fund 11¼% 1988	£100⅛	...
Nat. 9¾% 84/89	£100⅛	...
Fin. 13% 97/02	£114½	...
Arnotts	385	+5
CPI Hldgs	75	−7
Carroll Inds	102	+2
Hall (R. & H.)	103	−1
Helton Hldgs	90	...
Irish Ropes	120	...
Unidare	358	+30

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp	40
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	26
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	24
Cadburys	26
Charter Cons	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	85
GEC	15
Glaxo	110
Grand Met	42
GUS 'A'	110
Guardian	97
GKN	50
Hanson	14
Hawker Sidd	48
ICI	100
Jaguar	35
Ladbroke	38
Legal & Gen	50
Lex Service	35
Lloyds Bank	28
Lucas Inds	63
Marks & Spencer	20
Midland Bk	35
Morgan Grenfell	35
NEI	10
Nat West Bk	60
P & O Dfd	32
Plessey	16
Polly Peck	32
Racal Elect	22
RHM	35
Rank Org Ord	60
Reed Intnl	45
STC	25
Sears	14
TI	33
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	20
Unilever	50
Vickers	15
Wellcome	42
Property	
Brit Land	20
Land Securities	40
MEPC	48
Peachey	40
Oils	
Brit Petroleum	25
Britoil	50
Burmah Oil	45
Charterhall	6
Premier	8
Shell	110
Tricentrol	15
Ultramar	24
Mines	
Cons Gold	180
Lonrho	29
RTZ	38

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 22	Mar 3	Mar 4	Mar 14
Mar 7	Mar 17	Mar 18	Mar 28
Mar 21	Apl 7	Apl 8	Apl 18

*New time dealings may take place from 9.00 am two business days earlier.

FT-SE index closes above 1800 for the first time since October 1987 crash

THE UK STOCK market pushed convincingly through the the FT-SE 1800 mark yesterday for the first time since the week of the market crash of last October, as investors positioned themselves bullishly ahead of the Budget trading account. A rise of nearly 27 points in the FT-SE Index reflected a significant increase in equity turnover as sizeable lines of blue chip stocks were bought by US and British investment institutions.

The market achieved a notable success in closing above the FT-SE 1800 mark for the first time since October 22, the fourth day of the 1987 Crash. The strong support for the market leaders indicates investment optimism that London may follow the upturn in other European stock markets.

Encouraged in the closing minutes by early firmness on Wall Street, which brought strong US demand for London's blue chip stocks, the FT-SE 100 index closed at the best of the day, to show a gain of 26.8 points at 1808.7.

The cash coffers of the major institutions are known to be healthy, well able to support a further advance from the FT-SE 1800 mark. "The equity market could now sprint to 1900", commented Mr Bob Semple of County NatWest, although he added that, "in that case you should probably get out".

Equities opened cautiously but were quickly led higher by a surge in the FT-SE 100 Futures market, where the March contract cleared a resistance level to establish a significant premium over the underlying index. After touching 181, the Footsie contract closed at 180.7, no longer at a premium, leaving traders to guess at this morning's opening in the Futures contract.

Seaq equity volume, at 534.3m shares at 5.00pm, moved up into turnover levels not seen since mid-December. Substantial trading was seen in such major stocks as British Petroleum, British Gas, Plessey, Glaxo, STC and Lloyds Bank.

From today, investors can buy shares at a premium for the new account, which opens on Monday and spans Budget Day. Institutional investors and marketmakers moved into equities yesterday to pre-empt the expected advance in the market as Budget Day approaches.

By contrast, UK Government bonds closed easier after a desultory session. Turnover was moderate, and some profits were taken after the market's recent advance. US Treasuries gave a less positive lead, and London traders were again wary of an announcement of a new official Tap issue. No issue was made yesterday, and the spotlight switched to Friday afternoon, often favoured by the authorities for Tap announcements.

Long-dated Gilts shed about 3/8, and the mediums about 1/4. Interest was shown in the index-linked sector, where the '88 stock is now close to maturity. Investors switched to the nearest-dated IL stocks, putting 1/2 point on the '92 stock, and 1/4 on the '90.

British Aerospace shares steadied after the management convinced some City analysts, at a meeting on Tuesday evening, that the planned purchase of Rover would be "good for future earnings per share growth", provided the deal can be done cheaply. Aerospace shares recovered 11 of Tuesday's fall of 25, to close at 340p. Turnover of 15m shares included some sizeable share blocks.

Not all analysts were convinced, however, by the share earnings argument, rebuffed by one as, "A simplistic view. What about the implications for the quality of earnings?" The p/e ratio on Aerospace shares could well fall if the deal goes through, was the opinion of another leading analyst who rejected comparisons with between the planned deal and aerospace links by other leading European carmakers.

With analysts' views now dividing sharply, the Rover plan could provoke resistance from Aerospace shareholders, even if the cash outlay proves too small to require formal approval from them. Rover shares slipped 7 to 75p.

Consolidated Gold Fields proved a disappointment, edging up by only 2 to 830p on minimal turnover, despite disclosure of a jump of 87 per cent in 1987 profits.

The shares have moved higher in recent sessions, but now suffer from the gloomy outlook predicted for world bullion prices.

BP in both "old" and "new" form came in for a fresh bout ofheavy and sustained buying interest which reinforced recent speculation that the Kuwait Investment Office had switched its target to include the "old" as part of its huge buying operation. The "old" closed 1/2 up at 249 1/2p on turnover of 16m while the "new" edged up 1 1/2 to 63 1/2p after a trade of 12m.

But what intrigued market operators was that much of the buying of BP in recent days has been carried out by a firm or firms not usually associated with buying on behalf of Kuwait.

One leading trader reported numerous switches from "new" to "old" and vice-versa — "straddling" in market terminology — and substantial activity on the inter-dealer broking screens.

There were also stories of renewed support for BP reflecting its yield advantage over Shell and leading US oil groups. Shell, reporting preliminary figures today, were a shade easier at 1020p, disturbed along with other oil and gas issues owing to another poor performance by crude oil prices.

British Gas showed a turnover of 14m shares and moved up to 138 1/2p, a net gain of 3 1/2, still sustained by the New Zealand Government's decision to pull out of its agreement to sell a 70 per cent stake in Petrocorp to Gas for £298m.

Plessey shares resumed their recent upsurge, spurting 10 1/2 more to 172 1/2p on a turnover that expanded rapidly to 14m. Inevitably the huge turnover and steep rise triggered a fresh spate of stories that a stake in the group is being accumulated. Dealers said that the buying yesterday and on Monday would have increased the share stake to in the region of 3 to 4 per cent, and that market-makers were keen buyers of Plessey ahead of expected "new-time interest".

After the recent denial of stake building operations in Plessey by West Germany's Siemens and America's AT & T the spotlight remained focused on fellow electronics group STC. The latter, after Tuesday's figures-inspired run, settled 2 off at 260p on turnover of 5.5m.

Glaxo, the pharmaceutical manufacturer, attracted increased support, from both domestic and overseas funds and rose 3/8 to £10 7/8 as investors looked to the interim results scheduled for March 14.

Mr. Steven Plag, analyst at Robert Fleming Securities, feels that Glaxo is currently undervalued and expects the shares to outperform once the half-year figures are out of the way. He cites a forthcoming research and development presentation due on April 12 as another reason for buying the stock.

Lloyds Bank shares attracted another big turnover — over 8m moved through the SEAQ system — amid strong support from a number of securities houses believed to have re-rated the stock. Stories that the bank could well attract a bid in the near future — despite Bank of England rules barring shareholdings in excess of 15 per cent being held in the clearers — continued to do the rounds and Lloyds shares settled 5 up at 290p.

Barclays were strongly supported and closed 15 higher at 510p on turnover of 4.1m shares.

NatWest added 3 at 598p and Midland a similar amount up at 408p.

Blue Circle Industries, the major UK cement manufacturer, attracted good support and rose 19 to 449p on news that construction is to start shortly on the first phase of a multi-million pound new town development at Chafford Hundred, Grays, Essex, UK, in which the company is a major shareholder.

The 600 acre development, which will take ten years to complete, is not expected to contribute to BC's profits in 1988, but Mr. Charles Dampney, building analyst at Barclays De Zoete Wedd, the securities house, says, "the profits impact could be substantial next year".

BOC Group rose 14 to 411p on turnover of 1.3m shares as the company announced a new deal to sell its carbon graphite business to Japanese and US buyers for a total of some US$240m.

BOC has decided on this new arrangement because the contemplated sale of the graphite electrode business to Horsehead Industries would not be allowed by the anti-trust authorities. The new arrangement, which takes in the sale of other graphite electrode plants, not originally included, was described by Mr. Richard Giordano, BOC's chairman and chief executive, as "a better deal in many respects", which brings a more complete divestment of the company's graphite business.

Allied-Lyons lost upward momentum following reports that Bond Corporation, the Australian conglomerate, was about to launch a £100m bond issue, convertible after five years into shares of Allied-Lyons. The Australian group officially holds a 5 per cent stake in the UK brewer but is thought to have increased the holding via market purchases during the previous two sessions.

The lack of any further action by the recent large buyer sent Allied-Lyons shares down at first but the price rebounded from a day's low of 363p to close a shade harder on balance at 371p. A news agency message suggesting that Mr Alan Bond might dispose of his stake was treated with scepticism. Trade in the shares fell dramatically from Tuesday's 14m-mark, amounting to only 3.2m.

Pearl Group shared in the general excitement in the insurance sector with the stock moving up strongly to close 11 higher at 458p, albeit on a turnover of only 204,000 shares.

Market stories suggested that Mr. Larry Adler's FAI Insurance Group had moved in again to pick up more stock and would shortly announce a shareholding of above 7 per cent; FAI's stake was last reported as 6.46 per cent.

Trusthouse Forte, the hoteliers, and Grand Metropolitan were major beneficiaries from news that Britain's tourist trade hit a new peak last year in terms of visitors and money spent. Figures from the British Tourist Authority showed a 21 per cent rise in visitors from the United States.

Trusthouse Forte rose 10 to 248p on turnover of 4.9m shares, while Grand Metropolitan rose 17 to 486p amid a volume of 2.3m.

Commercial Union and General Accident were in the van of a volatile trading session in composite insurances before and after preliminary profits performances from both groups. Commercial Union (CU) raced higher to touch 345p in the wake of "exceptionally good" results, before coming ending 4 up at 340p. Turnover expanded to 5.7m shares.

General Accident's profits came out at £204.4m and failed to match some estimates of up to £225m. General Accident's share price, up to 904p immediately following CU's figures, subsequently fell back to close a net 3 off at 888p.

Bass, held back recently by a chunky seller, revived after a BZW recommendation and closed 14 up at 830p. The securities house says the group " should move into greater investment favour from a rating which is still irrationally low". Guinness, another major rated highly by sector analysts, rose 12 to 314p but regional issue Greene King were unsettled by the appearance of a sizeable seller and ended 5 down at 488p.

The Building sector displayed numerous firm features. BPB Industries were lively and rose 11 to 294p on a turnover of 2.6m shares, while Tarmac gained a similar amount to 253p. Redland were 13 up at 425p and Marley 4 higher at 160p. Magnet gained 9 to 246p as takeover speculation revived and Travis and Arnold picked up 7 at 338p.

Costain were ontstanding among Construction issues, the shares rising 14 to 305p after news that Trafalgar House, 5 dearer at 338p, had increased its holding to over 6.3 per cent.

ICI firmed 1/8 to £11; the UK chemical leader is proposing to buy the outstanding 28 per cent of subsidiary Canadian C–I–L Inc. in a deal worth nearly C$150m.

The proposed £26m rights issue (two-for-nine at 236p) to help fund the acquisition of US group Data Architects for $45m upset Logica, which tumbled 23 to 260p.

Rowntree attracted support ahead of the preliminary figures, due on March 17, and rose 15 to 448p, while Hillsdown firmed 8 to 285p following publicity given to a broker's circular.

Lucas Industries continued the good run, gaining 13 more to 647p; Albert E. Sharp, the Midlands broking house, rates the stock a strong play with many opportunities in Europe over the next few years. Distributors also displayed features. Grahame Motor spurting 10 to 108p following BZW advice that the shares are grossly oversold on a p/e (current) of 7.5. Western Motor jumped 15 to 491p but T.Cowie managed only a small improvement to 124p, the more-than-doubled annual profits having been discounted.

Reed International responded to a combination of revived takeover speculation and US influences, gaining 18 to 422p, while United Newspapers emerged from a quiet spell to end 15 higher at 442p. Shandwick were restrained by the £15.38m rights issue, necessary to finance the acquisition of International Public Relations, Japan's largest independent PR consultancy, and the UK McCann Consultancy. The shares eased before reverting to the overnight 530p. FKB rose 25 to 250p and WPP advanced 4 to 524p, the latter in expectation of good annual profits today.

John Crowther unveiled sharply higher full-year results in line with expectations but the shares responded to a confident statement and reports that analysts had taken a bullish stance after a meeting with the company. The close was 9 up at 125p.

M & G returned to prominence as takeover speculation resurfaced and the shares closed 9 higher at 369p. Centreway Trust jumped 23 more to 175p but Parrish dropped 30 to 283p after the £4.9m rights issue, forecast of losses and dividend omission. Paribas French IT responded to news of share stake changes, gaining 7 to 64p.

Dealers reported a useful turnover in Traded Options with the total number of contracts rising to 33,232. Calls amounted to 25,317 and puts 7,915. British Aerospace were actively traded in the wake of its proposed purchase of Rover Group and recorded 3,192 with the most popular series being the May 330's. British Gas registered 2,319 call and 510 puts. The FTSE contract attracted 969 calls and 1,211 puts.

Traditional Options

- First dealings Feb 29
- Last dealings Mar 11
- Last declarations Jun 2
- For Settlement Jun 13

For rate indications see end of London Share Service

Call options were taken out in Cambium Venture Capital, SI Group, Oxford Instruments, Eagle Trust, Helene of London, Brasway, Suter, Bejam, Control Securities, Sound Diffusion, Ass. Brit. Engineering, BP partly-paid, North Kalgurli and Wheway. Puts were completed in Sound Diffusion and Rover Group.

FINANCIAL TIMES STOCK INDICES

	Mar. 2	Mar. 1	Feb. 29	Feb. 26	Feb. 25	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	90.61	90.47	90.26	90.03	90.01	88.72	93.32 (3/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.47	96.55	96.43	95.79	96.44	93.83	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1467.9	1439.1	1429.5	1423.7	1433.9	1612.4	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	241.4	238.6	234.0	244.9	248.9	339.5	497.5 (4/8/87)	234.0 (29/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.36	4.46	4.47	4.49	4.46	3.61				
Earnings Yld. % (full)	11.10	10.58	10.65	10.70	10.63	8.42				
P/E Ratio (net)(*)	11.01	11.47	11.39	11.34	11.42	14.56				
SEAQ Bargains (5pm)	28,764	26,092	23,914	23,002	24,908	52,461				
Equity Turnover (£m)	-	1008.36	816.41	1157.51	1119.40	1471.30				
Equity Bargains	-	28,973	26,946	27,071	27,688	49,090				
Shares Traded (ml)	-	298.9	347.4	357.6	469.3	548.5				

S.E ACTIVITY

Indices	Mar.1	Feb.29
Gilt Edged Bargains	134.0	135.8
Equity Bargains	187.7	174.6
Equity Value	2038.1	1650.1
5-Day average		
Gilt Edged Bargains	128.5	128.4
Equity Bargains	177.0	175.5
Equity Value	2046.8	2162.0

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1439.3	1445.8	1452.0	1454.9	1454.9	1456.6	1459.9	1461.0

Day's High 1467.9 Day's low 1439.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.90.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

NEW HIGHS AND LOWS FOR 1987/88

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

LONDON TRADED OPTIONS

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	2,100	Enterprise Oil	226
Allied-Lyons	3,200	Fisons	3,600
Amstrad	1,900	General Accident	2,000
Argyll Group	3,200	General Elect.	6,300
Assoc. Brit. Foods	356	Glaxo	2,200
BAA	2,600	Globe Investment	554
BAT	2,200	Granada	1,300
BET	1,300	Grand Met	2,300
BICC	1,000	GUS "A"	450

RISES AND FALLS YESTERDAY

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA | FRANCE | GERMANY (continued) | NETHERLANDS (continued) | SWEDEN (continued)

BELGIUM/LUXEMBOURG | SWITZERLAND | NORWAY | ITALY | SPAIN | SOUTH AFRICA | SWEDEN | DENMARK | FINLAND | GERMANY | NETHERLANDS

JAPAN | AUSTRALIA (continued) | HONG KONG | AUSTRALIA | SINGAPORE

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner

CANADA

TORONTO
Closing prices March 2

† – No voting rights or restricted voting rights.

MONTREAL
Closing prices March 2

Total Sales 4,822,376 shares

OVER-THE-COUNTER
Nasdaq national market, closing prices

Continued from Page 33

Indices

NEW YORK — DOW JONES

	Mar. 1	Feb. 29	Feb. 26	Feb. 25	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
ϕIndustrials	2070.46	2071.62	2023.21	2017.57	2722.42 (25/8/87)	1738.42 (19/10/87)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	90.82	90.97	90.75	90.80	95.51 (9/2/87)	81.26 (19/10/87)	–	–
Transport	832.59	834.96	826.36	822.66	1101.16 (14/8/87)	661.00 (4/12/87)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	181.72	183.74	182.61	182.49	227.83 (22/1/87)	160.98 (19/10/87)	227.83 (22/1/87)	10.50 (8/4/32)

ϕDay's High 2086.87 (2074.60) Low 2048.57 (2017.24)

STANDARD AND POOR'S	Mar. 1	Feb. 29	Feb. 26	Feb. 25	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
Composite ‡	267.22	267.82	262.46	261.58	336.77 (25/8/87)	223.92 (4/12/87)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	308.81	309.43	302.63	301.61	393.17 (25/8/87)	255.43 (4/12/87)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	23.83	23.79	23.32	23.23	32.43 (25/8/87)	20.39 (7/12/87)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	150.18	150.46	147.70	147.30	187.99 (25/8/87)	125.91 (4/12/87)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. value	288.91	288.46	284.32	283.29	365.01 (13/8/87)	231.90 (4/12/87)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	367.32	366.95	363.40	363.62	455.28 (26/8/87)	291.90 (28/10/87)	455.28 (26/8/87)	54.87 (31/10/72)

	Feb. 26	Feb. 19	Feb. 5	year ago (approx.)
Dow Industrial Div. Yield	3.41	3.42	3.63	3.01
	Feb. 24	Feb. 17	Feb. 10	year ago (approx.)
S & P Industrial div yield	2.99	3.05	3.15	2.58
S & P P/E ratio	14.92	16.29	15.96	20.82

TRADING ACTIVITY — † Volume (Millions)

	Mar. 1	Feb. 29	Feb. 26
New York	199.990	236.705	158.060
Amex	12.173	12.810	9.119
OTC	138.826	124.883	112.061

NEW YORK	Mar. 1	Feb. 29	Feb. 26
Issues Traded	1,964	1,967	1,942
Rises	696	1,257	804
Falls	811	353	655
Unchanged	457	357	483
New Highs	16	19	9
New Lows	1	0	6

CANADA

TORONTO	Mar 1	Feb 29	Feb. 26	Feb. 25	1987-88 High	1987-88 Low
Metals & Minerals	2600.5	2589.6	2573.2	2580.1	3507.5 (5/10/87)	1988.2 (2/1/87)
Composite	3212.9	3204.8	3167.9	3170.2	4112.9 (13/8/87)	2837.8 (28/10/87)
MONTREAL Portfolio	1612.10	1612.10	1596.60	1600.01	2224.77 (16/7/87)	1435.94 (26/10/87)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
PSEG xd	4,791,700	24½	– ⅞
Ohio Edison xd	4,229,500	18⅝	– ⅝
Pillsbury	2,818,900	37	+ ¼
Beverly Ent	2,596,200	7	—
Xerox	2,305,900	59	+ 2¼
IBM	1,969,200	117	– ½
First Chicago	1,936,400	24	+ ¼
General Electric	1,882,700	45	– ½
Wendy's	1,865,300	7⅞	– ⅛
FPL Group	1,787,100	30⅝	– ¼

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

	Mar. 2	Mar. 1	Feb. 29	Feb. 26	1987-88 High	1987-88 Low
AUSTRALIA All Ordinaries (1/1/80)	1285.9	1273.9	1250.7	1240.9	2305.9 (21/9/87)	1151.0 (11/11/87)
All Mining (1/1/80)	595.8	590.2	576.2	579.1	1462.4 (14/10/87)	532.4 (10/2/88)
AUSTRIA Credit Aktien (30/12/84)	169.08	168.66	169.94	168.72	232.19 (22/9/87)	163.98 (11/2/88)
BELGIUM Brussels SE (1/1/84)	4854.5	4851.6	4840.2	4790.1	5412.2 (13/8/87)	3503.8 (18/12/87)
DENMARK Copenhagen SE (3/1/83)	192.44	191.17	191.01	190.74	219.76 (27/8/87)	179.60 (20/11/87)
FINLAND Unitas General (1975)	584.0	582.2	580.6	580.3	679.1 (15/10/87)	425.2 (6/1/87)
FRANCE CAC General (31/12/82)	(u)	306.9	306.5	305.5	460.4 (26/3/87)	251.3 (29/1/88)
Ind. Tendance (31/12/87)	108.0	110.5	110.8	111.2	112.3 (25/2/88)	89.7 (29/1/88)
GERMANY FAZ Aktien (31/12/58)	456.83	458.95	456.82	455.51	676.94 (6/1/87)	396.40 (29/1/88)
Commerzbank (1/12/53)	1396.7	1404.4	1398.3	1391.5	2061.1 (17/8/87)	1207.9 (29/1/88)
HONG KONG Hang Seng Bank (31/7/64)	2462.13	2454.71	2418.08	2383.92	3949.73 (1/10/87)	1894.94 (7/12/87)
ITALY Banca Com. Ital. (1972)	499.85	504.91	503.38	493.74	767.34 (30/4/87)	423.91 (9/2/88)
JAPAN ** Nikkei (16/5/49)	25682.82	25435.90	25242.81	25165.18	26646.43 (14/10/87)	18544.00 (13/1/87)
Tokyo SE New (4/1/68)	2107.35	2089.11	2078.07	2072.03	2258.56 (11/6/87)	1557.46 (13/1/87)
NETHERLANDS ANP-CBS General (1970)	238.8	235.6	232.6	230.6	334.1 (14/8/87)	192.2 (10/11/87)
ANP-CBS Industrial (1970)	192.3	187.5	182.5	180.2	280.8 (11/8/87)	147.5 (10/11/87)
NORWAY Oslo SE (4/1/83)	366.01	363.65	358.62	363.79	592.04 (21/9/87)	307.48 (10/11/87)
SINGAPORE Straits Times Ind. (30/12/66)	892.2	898.2	888.8	888.2	1505.4 (26/8/87)	700.4 (7/12/87)
SOUTH AFRICA JSE Gold (28/9/78)	(u)	1249.0	1212.0	1222.0	2499.0 (5/8/87)	1212.0 (29/2/88)
JSE Industrial (28/9/78)	(u)	1437.0	1429.0	1447.0	2266.0 (16/10/87)	1387.0 (13/2/88)
SPAIN Madrid SE (30/12/85)	261.33	257.83	254.12	251.53	325.44 (6/10/87)	201.08 (4/12/87)
SWEDEN Jacobson & P. (31/12/56)	2587.2	2568.1	2517.2	2508.1	3267.1 (8/10/87)	2068.6 (10/11/87)
SWITZERLAND Swiss Bank Ind. (31/12/58)	530.0	527.0	518.0	519.6	729.7 (5/10/87)	450.9 (10/11/87)
WORLD M.S. Capital Intl. (1/1/70)	(u)	442.6	440.7	436.8	495.9 (27/8/87)	361.3 (2/1/87)

** Saturday February 27: Japan Nikkei 25284.87. TSE 2077.84

Base values of all indices are 100 except Brussels SE – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Metals – 500; (c) Closed. (u) Unavailable.

CHIEF LONDON PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES

BOC	411	+ 14
BPB Inds.	294	+ 11
Barclays	510	+ 15
Bass	830	+ 14
Blue Circle	449	+ 19
Brit. Aerospace	341	+ 12
Centreway Trust	175	+ 23
Costain	305	+ 14
Crowther (J.)	125	+ 9
FKB	250	+ 25
Glaxo	£10⅞	+ ⅜
Guinness	314	+ 12
Helical Bar	260	+ 19
Hillsdown	295	+ 8
Lucas Inds.	647	+ 13
Magnet	246	+ 9
Pearl	458	+ 10
Plessey	173½	+ 10½
Readicut	71	+ 5
Reed Intl.	422	+ 18
Rowntree	448	+ 15
Royal Ins.	427	+ 10
Western Motor	491	+ 15

FALLS

Logica	261	– 22
Parrish	283	– 30
Rover	75	– 7

TOKYO - Most Active Stocks
Wednesday, March 2, 1988

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	149.30m	441	+4
Nippon Kokan	100.71m	361	+8
Kawasaki Steel	100.57m	383	-2
Sumitomo Metal	87.06m	341	-1
Ishikawajima-Harima Heavy Ind	76.86m	772	+7
Tokyo Gas	72.44m	1,160	+60
Hitachi Steel	69.34m	7334	+20
Kubota	50.47m	696	+17
Kawasaki Heavy Ind	38.08m	340	+10
Mitsubishi Elec	33.64m	669	+10

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14	AAR s	.36	1.7	19	168	21⅛	21⅜	21½	+⅜
35	21	AFG s	.16	.5	14	5876	32⅝	32⅛	32¼	+⅛
27	10½	AGS s			14	1019	17½	16⅞	17¼	+¼
10½	5	AMCA				11	5¼	5⅛	5⅛	
9⅜	3¼	AM Intl				882	4¼	4⅛	4⅛	−⅛
65½	28¾	AMR			12	4739	40½	39⅝	40	+¼
27¼	24⅞	ANR pf	2.67	10.		5	26½	26½	26½	+¼
12¼	6⅜	ARX			6	180	7⅞	7⅝	7⅞	+⅛
73½	40⅝	ASA	[illegible]	6.4		246	47	46½	46¾	
22⅝	9½	AVX			14	159	16⅞	16½	16⅞	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 33

هكة امد الأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19½	10⅝	WrldVl				26	13⅝	13⅝	13⅝	+⅛
81¾	33	Wrigly 1.04a		1.4	23	154	77⅛	76¾	76¼	−⅝
3⅛	⅛	Wurlitzr				127	⅞	13-16	13-16	−1-16
17½	7	WyleL s .28		2.6	21	354	10⅞	10⅝	10⅞	+⅛
30⅝	14½	Wynns .60		2.8	45	124	21⅞	21¼	21¼	−½
		X Y Z								
85	50	Xerox	3	4.9	12	2060	63	60	61¾	+2¾
69½	50	Xerox pf				565	50	d49⅞	50	+½
56¼	52⅜	Xerox pf5.45		10.		250	52½	52⅜	52⅜	
31½	16⅝	XTRA .64		2.0	10	359	u31¾	31⅛	31¼	+⅜
26¼	19½	XTRA pf1.94		7.3		53	27¼	26¾	26¾	+⅛
33⅞	17½	Yorkln			10	108	28⅛	27¾	27¾	
7¾	2¼	Zapata				94	3¼	3⅛	2⅞	
37	13½	Zayre	.40	1.7	9	1190	423⅞	22¾	23½	
16¼	6¾	Zemex	.40	3.9	13	6	16¼	16	10¼	
33⅝	10	ZenithE				856	17⅝	17	17⅝	+⅝
13½	2½	ZenLab				270	3	2⅞	2⅞	−⅛
24	13½	ZeoNtl	.60	4.5	8	157	18	17⅝	17⅝	
20⅝	11⅝	Zero	.36	2.5	10	300	15	14½	14⅝	−¼
30¾	18	Zurnin s .68		3.0	15	259	23⅝	22⅞	23	−¼
10⅝	7⅜	Zweig 1.08e		11.		451	9⅞	9¾	9⅞	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting 16 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 31

FINANCIAL TIMES

Thursday March 3 1988

AMERICA

Blue chips pare away gains as Dow ends slightly up

Wall Street

THE MARKET failed to hold on to early gains on Wall Street yesterday amid weakness in blue chip stocks, but it remained slightly above its post-crash high of the last two sessions, *writes Deborah Hargreaves in New York.*

It drew some support from stronger bonds and a firmer dollar as well as expectations that unemployment data for February, to be released tomorrow, will be a further indication that the economy is in reasonably good shape.

Confidence in the stock market rose as the Dow Jones Industrial Average climbed in morning trading, but some sell programmes related to index arbitrage ate into those early gains.

Analysts reported the broad market to be stronger than the Dow Jones Industrial Average and were encouraged by the market's ability to hold above its post-crash high.

A wave of buying in mid-morning gave the market a 21-point gain at one stage, but this was followed by a slight pullback. Analysts said the lack of solid economic news had prevented a broad-based sustainable rally.

The credit markets renewed their strength largely due to the firmer dollar and a further weakening in oil prices. However, traders do not expect the Treasury bond market to break out of its narrow trading range until tomorrow's unemployment data is revealed, which could give it a push.

Factory goods order figures for January, released yesterday, showed a 0.6 per cent drop, which was smaller than expected, but this failed to have a significant impact on the bond market.

The Dow Jones Industrial Average closed at 2,071.29, a gain of 0.83 points on strong volume of just over 200m shares. Advancing issues led declines by a ratio of two to one.

Broader market indices advanced slightly with the Standard and Poors 500 stock index up 0.77 points to 267.98 and the Nasdaq over-the-counter index firming 3.06 points to 370.38.

Oil stocks showed some weakness as the price of oil dropped sharply in choppy trading. Chevron was off $3/8 to $44 1/8, Amoco was down $1 1/2 to $73 1/8 and Mobil lost $3/8 to $43 3/8. Atlantic Richfield lost $1 1/8 to $74 7/8.

F.W. Woolworth's stock rose $1/2 to $46 7/8 after reporting an increase in fourth quarter earnings to $2 a share from $1.77 a share in the same period last year.

Other blue chip issues gave up some of their early gains, although some looked stronger in afternoon trading with IBM up $1/2 at $117 1/4, General Electric firming $1/2 to $45 1/8 and American Express gained $1/8 to $26 3/4.

In takeover stocks, Federated Department Stores lost $1 to $66 3/4 as the company announced it had agreed to a $73.8-a-share bid by New York's privately-held R.H. Macy for 80 per cent of its outstanding shares.

J.P. Stevens jumped $1 7/8 to $56 1/8 after Tuesday's late offer from West Point-Pepperell of $56 a share for the company. The bid came after a J.P. Stevens management group improved its leveraged buy-out offer to $55 a share in cash, debentures and preferred stock. West Point-Pepperell eased $1 1/4 to $28 3/4.

Texas Instruments gained $1 5/8 to $54 1/8 on rumours that the company is planning to launch a low-priced computer with artificial intelligence today.

Bristol-Myers added $1/2 to $45 1/4 after the US Government said it would give the company exclusive marketing rights for an anti-AIDS drug currently under human testing.

In firmer trading, the Treasury's benchmark 8.875 long bond posted a gain of 1/4 to 106 1/4 with a yield of 8.31 per cent.

The three-month Treasury bill dropped slightly to a yield of 5.74 per cent.

Canada

ENERGY, GOLD and base metal mining stocks led Toronto share prices higher in moderate trading.

The composite index rose 15.22 to 3,228.15 as advances outpaced declines by 512 by 292 on turnover of 22.8m shares.

Varity topped the list of active industrials, firming 3 cents to 65 cents. Among other actives, Inco climbed C$5/8 to C$29 1/8, despite a report that its Indonesian complex had shut because of earthquake damage.

Maggie Ford on a sharp setback in Korea

Seoul Government acts to halt plunge

THE SOUTH Korean Finance Ministry yesterday ordered securities firms to step in to stem the precipitous fall in the Seoul stock market which started last week.

As the index fell through the 600 mark during yesterday's session, brokers were told to lift restrictive measures imposed to cool an overheated market last month.

The index closed off its lows at 608.24, or 4.11 down on the day. Since last Friday, the day after President Roh Tae Woo's inauguration as the country's new leader, the stock market has fallen four days in a row, a loss of 58 points until the Government acted.

Last Friday saw a record one-day fall as a spate of apparently baseless rumours about coups, assassinations and financial scandals swept the market, frightening small investors. In the past few months brokers have been investing on behalf of farmers, factory workers and maids who rushed to take advantage of the rising market. The index had gained nearly 40 per cent since Mr Roh's election in December.

Analysts believe investors were also disappointed by President Roh's failure to announce any major new proposals in his inauguration speech, for example on relations with China. Government officials have been touting prospects of a big increase in business with China and this had pushed up prices of shares of trading and construction companies which would benefit from such a development.

Jitters over the political situation have contributed to the plunge in the index. Worries about labour disputes crystallised after a strike was reported last week at Hyundai's engine plant, and students have now returned to university, offering the prospect of more demonstrations.

Some analysts said that "big hands", or large individual investors, appeared to have been active last week, opening the possibility of market manipulation to enable influential investors to buy in when the market is low.

Under yesterday's measures institutions will be allowed to accept deposits of just 40 per cent on buy orders, compared with 100 per cent previously, and to extend credit to investors. The new rules seem likely to arrest the fall but also risk a return to last month's speculative conditions.

In the run-up to April's National Assembly elections, the Government will not want to see a falling market which would dent its popularity, especially among the new, small investors from rural areas who form the bedrock of support for the ruling Democratic Justice Party.

Meanwhile, securities firms may be somewhat mollified by the announcement this week that the Government is to sell its 68 per cent stake in the exchange to the members for Won70bn ($92m).

ASIA

Steep climb continues in rapidly expanding turnover

Tokyo

INVESTORS grew increasingly bullish in Tokyo yesterday, helping to push up share prices almost across the board, *writes Shigeo Nishiwaki of Jiji Press.*

Large-capitalisation issues remained popular and buying spread to high technology stocks.

The Nikkei average chalked up a 246.92-point gain to 25,682.82 on volume of 1.84bn shares, up from Tuesday's 1.76bn. The index started at the day's low of 25,428.64 and reached 25,683.40 shortly before coming off slightly at the close.

Advances outpaced declines by 603 to 331, with 135 issues unchanged.

The sharp ascent took the Nikkei average to just 68 points short of its level on the day before the October 20 market crash, when it lost 3,836.

The Tokyo Stock Exchange index of all listed issues, meanwhile, rose 23.28 yesterday to 2,112.39, topping the October 19 level of 2,101.17.

Institutional investors returned to the scene, helping to boost volume. There was some concern et the fast rise, but leading brokerage houses said the market was likely to remain on the upward side for the time being.

There was further dealing in giant-capital issues. Nippon Steel was the most active stock with 149.3m shares traded, adding Y4 to Y441. Sumitomo Metal Industries advanced Y6 to an record Y348 at one stage, but closed off Y1 at Y341 on profit-taking.

Ishikawajima-Harima Heavy Industries finished Y7 up at Y772 after hitting a record Y785, while Nippon Kokan and Nisshin Steel went up Y8 to Y361 and Y20 to Y734 respectively.

Utilities were also sought, and Tokyo Electric Power added Y190 to Y6,070, exceeding Y6,000 for the first time in three months. Tokyo Gas climbed Y60 to Y1,160.

Shionogi gained Y40 to Y1,810 and Banyu Pharmaceutical rose Y90 to Y1,850 after the Central Pharmaceutical Affairs Council approved applications filed by them to manufacture hepatitis B vaccine through gene splicing. Mitsui Toatsu Chemicals went up Y10 to Y755 and Teijin Y7 to Y820.

As buying spread to domestic demand-related stocks, Kajima advanced Y50 to Y1,630 and Ohbayashi Y34 to Y1,000. Mitsubishi Estate soared Y110 to Y2,300.

Among high-tech stocks, Hitachi and NEC climbed Y50 each to Y1,370 and Y2,090 respectively, while Matsushita Electric Industrial and Toyota Motor finished at Y2,410 and Y2,310, up Y70 each.

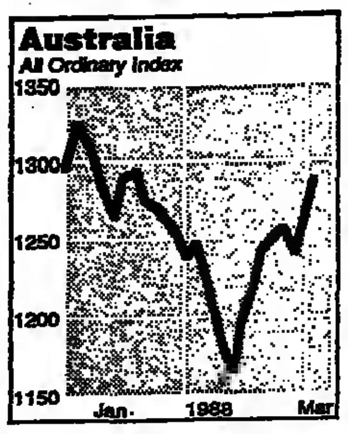
Nippon Telegraph and Telephone ended up Y60,000 at Y2.47m on heavy trading of 16,900 shares, up from Tuesday's 5,480.

Bond prices continued to fall. The announcement on Tuesday of the January index of US leading indicators and the Bank of Japan's buying operation, involving Y400bn worth of two-month bills, affected the market little.

Dealers increased small-lot selling of the 5.0 per cent government bond due in December 1997. Its yield rose from Tuesday's 4.34 per cent to 4.39 per cent before dipping to 4.38 per cent.

Trading continued to be active on the Osaka Securities Exchange and the OSE stock average jumped 184.97 to 25,902.91. Volume was up just over 2m at 289m shares.

Kinki Electrical Construction was Y70 up at Y3,260 and Sunstar Y37 higher at Y880. Teijin Seiki lost Y49 to Y961.



Australia

LEADING industrial and resource stocks were the focus of attention and the market closed higher in most sectors, with sentiment boosted by solid results from leading miner CRA.

The All Ordinaries index added 12 to 1,285.9, with the gold index climbing 15.5 to 1,489.6.

Turnover rose to 114m shares against 110m the previous day.

Among industrials, demand centred on retail, media, transport and bank stocks. Coles Myer rose 26 cents to A$6.86 and Woolworths and David Jones each gained 10 cents to A$2.40 and A$5.50.

TNT was 10 cents higher at A$4.25 and Mayne Nickless 11 cents up at A$5.06, but Brambles lost 6 cents to A$8.54.

Resources leader BHP gained 2 cents to A$6.88. Bell Resources held steady at A$1.03 and Bell Group rose 3 cents to A$1.85.

● In New Zealand, share prices rallied from their steep plunge earlier in the week amid speculation that a local company would buy the state-held 70 per cent stake in Petrocorp after the Government called off its proposed sale to British Gas on Tuesday. The Barclays index rose 36.19 to 1,682.46.

Hong Kong

LATE profit-taking trimmed earlier gains but shares closed higher in active trading, buoyed by tax concessions unveiled in the Budget.

The Hang Seng index closed up 7.42 at 2,462.13 in turnover of HK$985m, against HK$1.07bn the previous day.

Properties remain strong with Hongkong Land rising 5 cents to HK$7.60 and Sun Hung Kai Properties adding 15 cents to HK$9.30.

Hopewell was hit by profit-taking after Tuesday's announcement that it had more than doubled interim profits, and fell 2 1/2 cents to HK$2.95.

Singapore

BARGAIN-hunting alternated with profit-taking to leave shares mixed at the close after a quiet day's trading.

The Straits Times Industrial index rose 1.98 to 892.26, with little activity from institutional investors before tomorrow's Budget announcement. Turnover fell to 18m shares from 19.7m on Tuesday.

City Developments was up 3 cents at S$2.62 on turnover of some 700,000 shares.

EUROPE

West Germany hit by profit-taking

PROFIT-TAKING pulled share prices down in Frankfurt, Paris and Milan after recent strong rises, with overseas investors focusing their buying orders on Zurich and Amsterdam, where blue chips were in good demand, *writes Our Markets Staff in London.*

FRANKFURT fell after a dull day's trading which saw little buying interest and some taking of profits.

The lack of news and the fact that there was little change in Wall Street overnight kept domestic and foreign investors away. "The market's had a good run and we're just marking time now," said one analyst.

The FAZ index closed off 2.12 at 456.83. Utilities group Veba was hit by profit-taking after announcing a 3 per cent rise in annual profits, and lost DM1.70 to DM259.50. Lufthansa was off DM1 at DM142, in spite of reporting record load figures for last year.

Machinery group MAN fell DM1.30 to DM157.70 on news of flat interim sales.

Bonds rose by about 20 points in moderate trade, with 10-year bonds giving a yield of 6.17.

PARIS closed lower as investors took profits, especially in the engineering and construction sectors, and institutional demand tapered off.

Among engineering stocks, Lachaire lost FFr40, or 12.7 per cent, to FFr275 while Fives-Lille fell FFr9.40 to FFr101.50 as recent takeover speculation in the sector failed to bear fruit.

Schneider resisted the lower trend, adding FFr8 to FFr296. Its FFr5,500 a share bid for Télémécanique, suspended yesterday at FFr5,505, was topped by a FFr 5,800 offer from Framatome. The CAC index was unavailable.

MILAN saw heavy profit-taking following recent strong gains and ended lower in active trading.

The MIB index closed down 11 at 1,031, with insurances and financials some of the worst hit. Generali fell L1,550 to L86,100 and Ras lost L750 to L29,750.

Most stocks in the De Benedetti group fell as investors sold for profits, with Olivetti off L75 at L8,780 and Cofide down L150 at L5,100.

BRUSSELS saw the preoccupation with the battle for Société Générale weaken somewhat in the absence of any big surprises on that front and share prices closed mixed, but higher overall.

Electricals and utilities were boosted by the 0.25-point cut in discount rates, with Ebes up BFr70 at BFr4,550 and Intercom BFr60 higher at BFr3,710.

Gevaert, which rose BFr950 on Monday on joining the De Benedetti camp, fell back a further BFr300 from Tuesday's losses to BFr7,700. The main index rose 2.86 to 4,884.54.

AMSTERDAM was boosted by the firmer dollar and recent results from blue chips, with the ANP-CBS index adding 3.2 to 275.2.

Philips remained in the limelight, adding 40 cents to Fl 27.60 following the previous day's news of a joint venture with Warner Brothers.

Royal Dutch eased 10 cents to Fl 215.10 pending annual results due today. Unilever, which reported on Tuesday, added Fl 1.10 to Fl 115.90 on further consideration of its results.

ZURICH found favour among foreign and domestic investors and closed higher on moderate turnover.

London-based investors led the overseas demand, with heavy buying of blue chips, while local buyers focused on shares which have been overlooked since the crash. The Crédit Suisse index ended up 4.8 at 464.7.

News that Swiss Bank had bought a block of shares in Baloise pushed the Swiss insurance group up SFr5 to SFr1,875, renewing fears that the un-identified foreign seller of the stake would launch a takeover attempt.

MADRID continued to rise, fuelled by strong domestic demand, with the general index rising 3.5 to 261.33, another high for the year.

Union Explosivos Rio Tinto gained 32 percentage points to 478 per cent of nominal market value, following news of an agreement with its Kuwaiti shareholders on board representation.

STOCKHOLM closed slightly higher after early declines which followed news of an inter-bank trading tax.

London

STRONG buying of blue chip stocks by UK and US institutions helped send shares to their highest point since the week of the market crash, with turnover at levels not seen since mid-December.

The FT-SE 100 moved through the 1,800 barrier for the first time since October 22, closing up 26.8 at 1,808.7. Wall Street's firm opening encouraged buying and there was substantial trading in such stocks as BP, Plessey and Glaxo.

SOUTH AFRICA

GOLD SHARES moved in line with the gold price, ending slightly firmer but off the day's highs as the price of gold slipped below $430 just before the close.

The gold index finished up 16 at 1,285, after reaching 1,275 earlier. There was little activity in industrials and the index rose 1 to 1,438.

In gold stocks, Vaal Reefs rose R6 to R248, Randfontein was up R8 at R220 and Kloof firmed 75 cents to R30.25.

Platinums performed well on strong international platinum prices, with Rustenberg gaining R1.25 to R27.50, and Impala rising 75 cents to R24.75.

Tax worries unsettle Austrian investors

THE AUSTRIAN bourse has made a disappointing start to 1988 despite surviving the October crash reasonably well, *writes Judy Dempsey in Vienna.*

Over January and February the share index fell by 4 per cent, on one day descending to 188.91, the lowest level since April 1985. Turnover has also dropped sharply.

The main reason is uncertainty about the Government's overhaul of the tax system.

Under the present system, there is a 20 per cent tax on dividends, but bonds are untaxed. However, income spent on newly issued shares is tax deductible if they are bought within a given time limit and if the issue value does not exceed a specified amount.

The planned reform will reduce the number of shares any one person can hold for tax purposes. Interest earned on bonds will also be taxed.

While analysts are still waiting for final details, they are worried the measures could have an adverse effect on the securities markets at a time when the authorities are introducing a partial privatisation of state-run industries and banks, including Austrian Airlines in May.

The uncertainty about the tax reform, together with last year's discouraging bourse performance outlined yesterday by Mr Gerhard Wagner, bourse president, are now holding investors back.

In 1987, the share index fell from 261.69 to 206.91, an 18 per cent loss. Austrian turnover figures also fell, from Sch20.55bn ($1.73bn) to Sch18.75bn. The total market value of the shares dropped from Sch84.14bn in 1986 to Sch83.22bn in 1987 and the average yield slipped from 7.9 per cent to 7.076 per cent.

More encouragingly, the Vienna bourse fell no more than 13 per cent after the world stock market crash. The effects of Black Monday were mitigated by the fact no share can fall or rise more than 5 per cent on a single trading day.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MARCH 2 1988					TUESDAY MARCH 1 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (91)	103.16	+1.5	86.34	95.03	4.58	101.60	84.72	93.99	180.81	85.35	111.43
Austria (16)	87.33	-0.2	73.09	74.67	2.55	87.51	72.98	74.57	102.87	84.35	95.48
Belgium (48)	132.18	-0.5	110.62	115.56	4.13	132.83	110.76	115.80	134.89	94.63	109.12
Canada (127)	118.19	+0.7	98.92	107.45	3.04	117.38	97.87	106.84	141.78	98.15	122.28
Denmark (38)	118.95	+0.4	99.55	104.59	2.80	118.49	98.80	103.86	124.83	98.18	111.55
Finland (23)	115.17	-0.7	96.39	98.87	1.92	116.02	96.74	99.27	–	–	–
France (122)	86.40	-1.8	72.31	77.63	3.86	87.99	73.37	78.75	121.82	72.77	115.00
West Germany (94)	77.54	-1.1	64.89	68.22	2.17	78.42	65.39	68.70	104.93	67.78	89.25
Hong Kong (46)	95.05	-0.1	79.55	95.18	4.46	95.17	79.36	95.29	158.68	73.92	113.86
Ireland (14)	115.80	+0.2	96.92	103.60	4.23	115.56	96.36	102.96	140.22	93.50	120.55
Italy (94)	74.82	-1.1	62.62	69.68	2.77	75.63	63.07	70.21	112.11	62.99	96.09
Japan (457)	162.84	+0.5	136.28	132.93	0.53	162.00	135.08	131.33	162.84	100.00	120.66
Malaysia (36)	113.54	+0.0	95.02	112.82	3.31	113.53	94.67	112.87	193.64	93.76	133.90
Mexico (14)	176.90	+9.7	148.05	444.84	0.80	161.22	134.43	409.47	422.56	90.07	125.33
Netherland (37)	103.90	+0.4	86.96	90.13	5.05	103.48	86.29	89.31	131.41	87.70	104.39
New Zealand (25)	65.66	+1.9	54.95	52.73	6.18	64.42	53.72	52.07	138.99	64.42	92.89
Norway (24)	112.00	+0.8	93.74	96.69	3.15	111.16	92.69	95.74	185.01	95.51	114.99
Singapore (26)	104.49	+0.2	87.45	97.00	2.47	104.27	86.94	96.75	174.28	83.21	118.04
South Africa (61)	125.40	+1.2	104.95	77.22	5.41	123.88	103.29	76.28	198.09	100.00	130.50
Spain (43)	141.21	+0.6	118.18	121.58	3.49	140.36	116.99	120.64	168.81	100.00	116.72
Sweden (32)	111.91	+0.1	93.66	99.36	2.74	111.82	93.24	98.99	136.64	88.50	120.37
Switzerland (53)	84.34	+0.7	70.58	73.15	2.32	83.76	69.85	72.26	111.11	73.65	95.03
United Kingdom (327)	132.42	+1.0	110.82	110.82	4.28	131.11	109.33	109.33	162.67	99.65	126.24
USA (585)	109.34	+0.4	91.50	109.34	3.45	108.92	90.83	108.92	137.42	91.21	119.15
Europe (965)	105.83	+0.1	88.57	91.41	3.77	105.69	88.13	90.94	130.02	92.25	110.00
Pacific Basin (679)	157.78	+0.5	132.05	129.92	0.71	156.94	130.87	128.38	158.77	100.00	119.95
Euro-Pacific (1644)	137.02	+0.4	114.67	114.59	1.66	136.46	113.78	113.47	143.65	100.00	115.99
North America (712)	109.81	+0.4	91.90	109.25	3.42	109.37	91.20	108.82	137.56	91.68	119.32
Europe Ex. UK (638)	89.31	-0.6	74.74	79.19	3.31	89.87	74.94	79.58	111.97	78.89	99.96
Pacific Ex. Japan (222)	96.88	+0.9	81.08	90.87	4.49	96.02	80.06	90.30	164.03	82.92	111.17
World Ex. US (1846)	136.28	+0.4	114.05	114.08	1.74	135.69	113.15	112.97	143.38	100.00	116.38
World Ex. UK (2104)	125.22	+0.4	104.80	112.58	2.10	124.78	104.04	111.77	138.82	100.00	116.62
World Ex. So. Af. (2370)	125.85	+0.4	105.32	112.66	2.29	125.33	104.51	111.80	139.47	100.00	117.39
World Ex. Japan (1974)	108.12	+0.3	90.48	101.94	3.60	107.75	89.85	101.48	134.22	92.98	115.96
The World Index (2431)	125.85	+0.4	105.32	112.40	2.31	125.33	104.50	111.54	139.73	100.00	117.47

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Prices for Spain were not fully updated.